

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	659.85	14.75	5.00	679.60	15.75	5.00	680.60	680.60
Personal Services	31,173,981	4,230,144	216,770	35,620,895	4,400,061	215,553	35,789,595	71,410,490
Operating Expenses	24,251,674	3,806,204	2,218,000	30,275,878	3,715,325	2,199,000	30,165,999	60,441,877
Equipment	773,754	260,500	31,000	1,065,254	238,000	20,000	1,031,754	2,097,008
Grants	947,419	(10,750)	0	936,669	(10,750)	0	936,669	1,873,338
Benefits & Claims	6,188	0	0	6,188	0	0	6,188	12,376
Transfers	26,463	73,189	0	99,652	73,189	0	99,652	199,304
<b>Total Costs</b>	<b>\$57,179,479</b>	<b>\$8,359,287</b>	<b>\$2,465,770</b>	<b>\$68,004,536</b>	<b>\$8,415,825</b>	<b>\$2,434,553</b>	<b>\$68,029,857</b>	<b>\$136,034,393</b>
General Fund	0	139,032	500,000	639,032	116,612	500,000	616,612	1,255,644
State/Other Special	41,524,440	5,487,727	3,818,285	50,830,452	5,547,961	3,787,068	50,859,469	101,689,921
Federal Special	15,655,039	2,732,528	(1,852,515)	16,535,052	2,751,252	(1,852,515)	16,553,776	33,088,828
<b>Total Funds</b>	<b>\$57,179,479</b>	<b>\$8,359,287</b>	<b>\$2,465,770</b>	<b>\$68,004,536</b>	<b>\$8,415,825</b>	<b>\$2,434,553</b>	<b>\$68,029,857</b>	<b>\$136,034,393</b>

**Agency Description**

Fish, Wildlife and Parks (FWP) is responsible for the management of Montana's fish, wildlife, parks, and recreational resources. The department is also responsible for a state park system that includes scenic, historical, cultural, and recreational resources. The operational programs are in eight divisions and seven regional field offices. The five-member FWP Commission provides policy direction on resource management, seasons, and use of department lands.

The agency has four overarching goals:

- Create a work environment where priorities are clear; the decision-making process is efficient and effective; and where employees feel a sense of accountability, value, and satisfaction in their achievements and their contributions to the agency mission.
- Provide quality opportunities for public appreciation and enjoyment of fish, wildlife, and parks resources.
- Maintain and enhance the health of Montana's natural environment and the vitality of our fish, wildlife, cultural, and historic resources through the 21st century.
- Emphasize education, communication, and responsible behavior to afford citizens the opportunity to better understand and participate in the decision-making process that sustain our natural, recreational and cultural resources for future generations.

**Agency Highlights**

Department of Fish, Wildlife, and Parks Major Budget Highlights	
♦	The largest funding source is the general license account at 52.6 percent of the budget, totaling \$72.1 million over the biennium
♦	The executive budget continues status quo operations of the department with the exception of several new proposals. The major proposals include: <ul style="list-style-type: none"> <li>• Expansion the river recreation program</li> <li>• Wardens for state trust lands</li> <li>• Increased wildlife surveys</li> <li>• Total FTE increase by 36.5 to a total of 678.6 FTE due to: <ul style="list-style-type: none"> <li>○ Hiring staff to handle parks and fishing access site maintenance</li> <li>○ Permanently hiring modified FTE for wildlife conflict, game damage and community services work</li> </ul> </li> </ul>

○ Additional enforcement staff for criminal investigations and state trust lands
<b>Major LFD Issues</b>
<ul style="list-style-type: none"> <li>◆ The executive is requesting \$3.20 million in legislative contract authority which would allow increased program expenditures without legislative review</li> <li>◆ General license account balance is projected to be \$19.5 million at the end of the 2009 biennium. Limiting program expansions could reduce likelihood of a fee increase in future biennia.</li> <li>◆ Expansions of conservation easements, state parks, and fishing access sites will increase operational costs</li> </ul>

## Agency Discussion

### Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

### 2005 Legislative Initiatives

The legislature approved three major initiatives during the 2005 session. Those initiatives and subsequent outcomes are summarized below:

- Funding was provided to begin fish production at the Fort Peck Hatchery. The hatchery became operational in the spring of 2006.
- Two Regional Investigator positions were funded to increase efforts toward resource abuses and commercialized wildlife crimes. The department demonstrated success with these positions in semi-annual reports to the Legislative Finance Committee
- The Automated Licensing System was transitioned from a contract to in-house personnel through approval of 16.00 FTE and a reduction in funding. The department was able to initiate help desk functions locally and reduce base expenditures. Some of the 16 positions were held open for vacancy savings.

## Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Total Agency Funding 2009 Biennium Executive Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Information Services Division	\$ -	\$ 7,463,323	\$ 319,751	\$ 7,783,074	5.72%
02 Field Services Division	-	18,516,869	952,472	19,469,341	14.31%
03 Fisheries Division	500,000	9,940,323	18,060,505	28,500,828	20.95%
04 Enforcement Division	255,644	15,691,527	829,207	16,776,378	12.33%
05 Wildlife Division	500,000	10,111,535	10,760,352	21,371,887	15.71%
06 Parks Division	-	15,511,884	547,920	16,059,804	11.81%
08 Communication And Education Div	-	5,105,736	1,438,860	6,544,596	4.81%
09 Management And Finance	-	19,348,724	179,761	19,528,485	14.36%
Grand Total	<u>\$ 1,255,644</u>	<u>\$ 101,689,921</u>	<u>\$ 33,088,828</u>	<u>\$ 136,034,393</u>	100.00%

### Significant Federal Funding

The department's budget consists of 74 percent state special revenue, 24 percent federal special revenue, and 1 percent general fund. Of the \$15.6 million in federal funds received in FY 2006, \$14.9 million was derived from the federal aid programs.

The Federal Aid in Wildlife Restoration Act, commonly referred to as the Pittman-Robertson act, began in July of 1938. The purpose of this funding is to provide for the selection, restoration, rehabilitation, and improvement of wildlife habitat,

wildlife management research, and the distribution of project information. An amendment to the program added funding for hunter safety and the development, operation, and maintenance of public shooting ranges.

Funding for the program comes from an 11 percent federal excise tax on sporting arms, ammunition, and archery equipment, as well as a 10 percent tax on handguns. Funds are proportioned to states based on a formula considering total area of the state and licensed hunters in the state.

The program is a cost reimbursement program where the state covers the full amount of the project and applies for reimbursement of up to 75 percent of the expenses. The state provides the other 25 percent from a non-federal source.

Parallel to this program is the Federal Aid in Sport Fish Restoration act, referred to as Wallup-Breaux in recognition of the major revisions to the act completed in 1984. Modeled after Pittman-Robertson, Wallup-Breaux provides funding for the management, conservation, and restoration of fishery resources. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the program.

Like Pittman-Robertson, Wallup-Breaux funds are distributed on a formula basis, based on the number of licensed anglers and land and water mass of the state. This is also a cost-reimbursement program where up to 75 percent of approved project costs can be recovered.

The federal programs come with specific requirements. Montana has agreed to use state hunting and fishing license revenues (and subsequent interest earnings) for only fishery and wildlife management work. If the state uses these revenues for something else, the federal government could determine that a diversion of state licensure dollars had occurred. The penalty for this activity is the withholding of Pittman-Robertson and Wallup-Breaux funding. As a consequence, the state has virtually no option to use state derived license revenues for any activities other those related to fish and wildlife management to retain this funding

#### LFD COMMENT

Within the Governor's proposal are two decision packages to utilize general license funds for services provided by other agencies. The department feels that in order to meet the federal requirements that the appropriation authority for such activities should remain within FWP. In order for the other agencies to utilize the appropriation, the authority would be provided as an administrative appropriation to the other agency. In doing this the appropriation is double counted on the state books, once in FWP and once in each of the other agencies.

#### Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	674.60	5.00	679.60	675.60	5.00	680.60	659.85	680.60
Personal Services	35,404,125	216,770	35,620,895	35,574,042	215,553	35,789,595	64,537,979	71,410,490
Operating Expenses	28,057,878	2,218,000	30,275,878	27,966,999	2,199,000	30,165,999	49,709,227	60,441,877
Equipment	1,034,254	31,000	1,065,254	1,011,754	20,000	1,031,754	1,545,337	2,097,008
Grants	936,669	0	936,669	936,669	0	936,669	1,809,492	1,873,338
Benefits & Claims	6,188	0	6,188	6,188	0	6,188	21,163	12,376
Transfers	99,652	0	99,652	99,652	0	99,652	306,132	199,304
<b>Total Costs</b>	<b>\$65,538,766</b>	<b>\$2,465,770</b>	<b>\$68,004,536</b>	<b>\$65,595,304</b>	<b>\$2,434,553</b>	<b>\$68,029,857</b>	<b>\$117,929,330</b>	<b>\$136,034,393</b>
General Fund	139,032	500,000	639,032	116,612	500,000	616,612	0	1,255,644
State/Other Special	47,012,167	3,818,285	50,830,452	47,072,401	3,787,068	50,859,469	85,822,068	101,689,921
Federal Special	18,387,567	(1,852,515)	16,535,052	18,406,291	(1,852,515)	16,553,776	32,107,262	33,088,828
<b>Total Funds</b>	<b>\$65,538,766</b>	<b>\$2,465,770</b>	<b>\$68,004,536</b>	<b>\$65,595,304</b>	<b>\$2,434,553</b>	<b>\$68,029,857</b>	<b>\$117,929,330</b>	<b>\$136,034,393</b>

### New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 103 - Information Services Overhead Refund										
01	0.00	0	179,034	(179,034)	0	0.00	0	179,034	(179,034)	0
DP 209 - Field Services Overhead Refund										
02	0.00	0	290,841	(290,841)	0	0.00	0	290,841	(290,841)	0
DP 306 - Fisheries Statewide Wildlife Grants										
03	0.00	250,000	200,000	600,000	1,050,000	0.00	250,000	200,000	600,000	1,050,000
DP 308 - Fisheries Overhead Refund										
03	0.00	0	40,761	(40,761)	0	0.00	0	40,761	(40,761)	0
DP 412 - State Lands Wardens										
04	2.00	0	140,118	0	140,118	2.00	0	110,262	0	110,262
DP 507 - State Wildlife Grants (SWG)										
05	0.00	250,000	200,000	600,000	1,050,000	0.00	250,000	200,000	600,000	1,050,000
DP 514 - Wildlife Overhead Refund										
05	0.00	0	73,382	(73,382)	0	0.00	0	73,382	(73,382)	0
DP 610 - Parks Overhead Refund										
06	0.00	0	117,317	(117,317)	0	0.00	0	117,317	(117,317)	0
DP 805 - Com & Ed Overhead Refund										
08	0.00	0	134,406	(134,406)	0	0.00	0	134,406	(134,406)	0
DP 909 - Mngmt & Finance Overhead Refund										
09	0.00	0	2,216,774	(2,216,774)	0	0.00	0	2,216,774	(2,216,774)	0
DP 915 - River Recreation Management Program										
09	3.00	0	225,652	0	225,652	3.00	0	224,291	0	224,291
<b>Total</b>	<b>5.00</b>	<b>\$500,000</b>	<b>\$3,818,285</b>	<b>(\$1,852,515)</b>	<b>\$2,465,770</b>	<b>5.00</b>	<b>\$500,000</b>	<b>\$3,787,068</b>	<b>(\$1,852,515)</b>	<b>\$2,434,553</b>

### Language

"If the department receives additional federal special revenue for services comparable to those with general license revenue or is required to adjust personal services expenditures between state and federal accounts, the approving authority may adjust the state special revenue appropriation and the federal appropriation by like amounts."

### Agency Issues

#### General License Account

The department's main source of funding is the general license account (GLA). Fees collected for the privilege of hunting and fishing that are not otherwise earmarked are deposited to the GLA. The amount available for appropriation from the GLA is dependent upon license revenues, interest earned, capital appropriations, and the demand for funds within the department. The proposed biennium budget of \$137 million is funded with \$72.1 million of general license dollars. The health of this fund is central to the operation of the department.

#### Revenues

Fees are set by the legislature. Prior to the 2005 session fees were set at a stable level for a period of eight to ten years allowing the department to collect fees, build a fund balance, and spend down the balance prior to seeking additional increases. However, the 2005 Legislature passed a number of bills raising the fees of a variety of hunting and fishing licenses to move the department toward a structurally balanced budget. Figure 1 summarizes those changes.

Figure 1 2005 Enacted Legislation Potential Fiscal Impact to Fee Changes				
Bill No	Description	Estimates from Fiscal Note		
		FY 2006	FY 2007	2008 Total
HB 34	Non Resident Turkey Tag	\$54,210	\$54,210	\$108,420
HB 172	Revise Hunting & Fishing Licenses	1,341,005	3,085,295	4,426,300
HB 174	License of Private Ponds	22,980	2,850	25,830
HB 214	Non Resident Youth Big Game Combo	93,750	93,750	187,500
HB 235	PL/PW Recommendations - Supertag	(13,683)	746,232	732,549
HB 421	Non Resident child of Resident License Fees	(8,982)	(17,964)	(26,946)
SB 91	Allocation of buffalo licenses to MT tribes	(1,875)	(1,875)	(3,750)
SB 339	Low cost licenses for active military personnel	(29,986)	(35,962)	(65,948)
Total Impact		<u>\$1,457,419</u>	<u>\$3,926,536</u>	<u>\$5,383,955</u>

A majority of the changes were made in HB 172. This bill increased the costs of 27 resident licenses and one non-resident license. In addition the bill reduced the license fee on non resident moose, sheep and goat licenses. The estimated impact to the general license account for the 2007 biennium was \$4.4 million.

HB 235, which enacted the recommendations of the Private Lands / Public Wildlife Council, included the creation of the super tag program, allowing the department to sell chances for individuals to obtain an elk, deer, sheep, moose or goat tag. Hunters could buy as many \$5.00 chances per species as they wanted. Estimated to earn \$742,000 in revenue in FY 2007, the program has raised \$356,000 in FY 2007 to date. This funding is deposited to the hunting access fund as it is restricted by law for use in the hunting access enhancement program (block management) including enforcement costs.

The department estimates revenues for the general license account as part of the budgeting process. Historically, as demonstrated by Figure 2, the department's forecasts average about 90 percent of actual revenues. If a structurally balanced budget when revenues exceed or are equal to expenditures, is to be achieved, the legislature needs solid revenue estimates.

Figure 2 General License Account Revenues & Estimates				
FY	Revenue	Estimate	Difference	Accuracy
2000	\$24,474,274	\$23,473,451	\$1,000,823	96%
2001	24,657,861	23,307,058	1,350,803	95%
2002	27,145,523	23,912,884	3,232,639	88%
2003	29,189,792	23,773,081	5,416,711	81%
2004	28,437,937	27,354,475	1,083,462	96%
2005	30,399,417	27,650,615	2,748,802	91%
2006	\$32,214,305	\$27,598,982	\$4,615,323	86%

## LFD ISSUE

### Revenue Estimates

In the absence of reliable revenue estimates, the legislature may not be able to implement a budget reflecting legislative priorities. A low estimate reduces the amount of money the legislature believes is available and will also cause a higher than predicted ending fund balance. The legislature may wish to:

- Establish a process for FWP to report annually to the Legislative Finance Committee on the tracking of projections versus actual revenues
- Establish a minimum and maximum balance for the general license account to aid in fund management

The balance of the general license account

The balance of the general license account determines the availability of funds for continuing operations, present law adjustments and expansions, and new proposals. Figure 3 provides the detail for 2005 and 2007 biennia.

The figure provides the comparison between the completed base year, FY 2006, the appropriation for FY 2007, and the budget requested for FY 2008 and FY 2009. Since FY 2006 is the base year for this biennium's budget, the table allows for comparisons of revenues and expenditures. Entering FY 2006, the general license account had a balance of \$26.2 million, with \$32.2 million in revenues and \$31.6 million expended, leaving an available balance for FY 07 of \$27.3 million.

The projected balance of the general license account at the end of the 2009 biennium is \$19.5 million based upon the budget request, outstanding capital authority and a pay plan identical to HB 447 of the 2005 Legislature. The department considers a \$5.0 million fund balance a critical point for cash flow and to potentially adjust fee levels to assure adequate financing for department programs. The projected fund balance illustrates that cash is readily available and fee increases are not necessary at this time.

Among the major expenditures proposed by the executive from the account are the following:

- \$800,000 in matching funds for the state wildlife grant program
- \$255,000 to add two regional investigators
- \$300,000 for wildlife surveys

New proposals include:

- Funding switch for indirect costs
- \$450,000 for river recreation management

Structural balance

Figure 4 provides a comparison of revenues and expenditures since FY 1991. Between 1999 and 2002, the department expended more than current year revenues, causing a reduction to the ending fund balance. Since that time, the expenditure pattern of the department has been relatively balanced. FY 2007 through FY 2009 expenditures include all capital appropriation authority in order to ensure significant funds are available to meet those obligations.

To ensure the fund remains structurally balanced, the legislature may wish to consider the impact on the fund balance and the ability to continue financing on-going operations as appropriation decisions are made. The program narrative identifies proposals dependent upon general license funds.

Land Management Issues

In managing the state's fish, wildlife and cultural resources, the department actively manages 778,000 acres of land. This includes land owned by the department, conservation easements held by the department, and leased land.

**Figure 3**  
**FWP General License Account -- Estimate Available Fund Balance**  
**2007 Biennium Executive Budget Request**

	Actual Fiscal 2006	Appropriated Fiscal 2007	Executive Request	
			Fiscal 2008	Fiscal 2009
Beginning Balance	26,249,557	27,286,382	22,822,214	20,400,725
License Revenue	29,136,277	30,040,744	33,788,743	34,182,815
Other Revenue	3,078,027	2,413,002	2,461,957	2,461,523
Total Funds Available	58,463,861	59,740,128	59,072,914	57,045,063
Disbursements				
Program Expenditures	29,541,417	31,328,508	31,593,617	31,686,538
Continuing Capital Costs	1,909,389	4,384,359	-	0
LRB Projects	142,264	1,205,047	2,000,000	0
Carry Forward Appropriations				
Proposed Executive Pay Plan			629,114	1,408,246
Budget Proposals (PL & NP)			4,449,458	4,444,855
Total Disbursements	31,593,070	36,917,914	38,672,189	37,539,639
Adjustments (Prior Year Revenue)	415,591	-	0	0
Available Ending Balance	27,286,382	22,822,214	20,400,725	19,505,424

**Figure 4**  
**General License Account Revenues and Disbursements**

Fiscal Year	Revenues	Disbursements	Difference	Cummulative
*2009	\$36,644,338	\$35,973,543	\$670,795	\$14,973,104
*2008	36,250,700	37,970,874	(1,720,174)	14,302,309
*2007	32,453,746	36,917,914	(4,464,168)	16,022,483
2006	32,214,305	32,011,336	202,969	20,486,651
2005	30,399,416	30,149,840	249,576	20,283,682
2004	28,437,936	28,905,675	(467,739)	22,068,151
2003	29,244,690	26,742,906	2,501,784	22,535,890
2002	25,551,068	26,610,399	(1,059,331)	20,034,106
2001	24,995,088	25,496,596	(501,508)	21,093,437
2000	24,682,872	25,261,465	(578,593)	21,594,945
1999	24,855,232	25,647,061	(791,829)	22,173,538
1998	24,556,436	23,387,660	1,168,776	22,965,367
1997	24,001,499	21,387,625	2,613,874	21,796,591
1996	25,118,865	21,082,910	4,035,955	19,182,717
1995	25,254,777	19,510,966	5,743,811	15,146,762
1994	23,200,161	18,963,554	4,236,607	9,402,951
1993	21,511,108	18,192,128	3,318,980	5,166,344
1992	18,836,165	17,152,135	1,684,030	1,847,364
1991	16,948,445	16,785,111	163,334	163,334

Expansion of land management responsibilities can occur in a number of ways. The department can accept a gift of land, lease land for habitat or other purposes, purchase land, or enter into reservation agreements, as per 87-1-209, MCA. The FWP Commission provides oversight to these activities and most transactions require approval from the Board of Land Commissioners. During the process, transaction costs such as the price for the conservation easement or land purchase or terms of the trade or donation, are discussed in relation to land use and “fit” within the department’s overall goals and objectives. The discussions do not typically involve costs of post-acquisition such as development, operation, or maintenance. These issues are left for the legislature to address through the appropriations process.

#### Governor’s Proposal to expand Parks and Fishing Access Sites

The Governor proposes in HB 2 to expand the number of FTE and corresponding resources to manage the maintenance and operations of current parks and fishing access sites. As the inventory of land rises or the utilization of parks and fishing access sites increase, the cost to maintain and operate the land also rises.

The Governor would provide FWP with \$15.0 million in general fund authority to purchase land for additional state parks and fishing access sites. The request will be considered by the Long Range Planning sub-committee through HB 5. If approved, the \$15.0 million will be provided to FWP as capital authority. Capital authority is an on-going appropriation available until expended or reverted. As land is purchased, development will occur and as the parks are rolled out to the public, operations and maintenance will be needed. The development, operations, and maintenance costs have not been considered as part of the proposal.

The proposal does not affect the operations budget of FWP at this time, and without an overall plan from the department the ability to predict when those costs will occur is difficult. The legislature may wish to:

- Communicate concerns regarding this proposal to the Long Range Planning sub-committee and request the committee set aside a portion of the \$15.0 million for development costs or future operations and maintenance costs.
- Request from the department an implementation plan including goals and measurable objectives, including future maintenance costs
- Make no changes

Related to this is the fact that department conservation easements are used to obtain open space for habitat or around cultural or historic sites. As with the purchase of land, a conservation easement comes with some costs to manage. A discussion of the department’s request for additional resources to manage the easements can be found in the Field Services Division narrative.

#### *Personal Services Adjustments*

In addition to legislatively approved pay increases, agencies have the ability to adjust pay for other reasons to address competition, merit increases, class upgrades, and training assignments within current appropriation authority. When these adjustments are completed prior to the profile of personal services used to develop the budget for the coming biennium (“snapshot”) in the base year, the cost to continue such adjustment are included in the personal services present law adjustments.

This occurs at varying levels in each department. Figure 5 summarizes approved pay increases in FWP. The three divisions with the largest combined adjustment are the Fisheries Division, the Management and Finance Division and the Parks Division. Each program analysis contains a short explanation of how non-legislative adjustments play a role in the personal services increases.

#### *Legislative Contract Authority*

Legislative contract authority provides a means by which the legislature can appropriate federal funds that the department anticipates receiving after the legislature adjourns and that would ordinarily be added through a budget amendment. Legislative

Figure 5 Department of Fish, Wildlife & Parks Non-legislative Pay Adjustments		
Division	Net Personal Services	Portion Attributable To Non-Leg. Increases
Info Services	\$978,472	\$59,560
Field Services	284,848	(4,698)
Fisheries Division	1,606,021	287,406
Enforcement	401,916	13,488
Wildlife Division	713,581	11,330
Parks	616,856	166,674
Comm & Ed	273,751	21,734
Mgmt & Finance	801,646	207,814
Total	<u>\$5,677,091</u>	<u>\$763,308</u>

contract authority expenditures are treated as budget amendment expenditures in that they are removed from the base and must be re-appropriated each biennium, but LCA is not exempt from the carry forward statute. Thirty percent of unexpended LCA authority can be carried forward for use in the following two fiscal years.

Unlike a budget amendment, the legislature does not have the opportunity to review legislative contract authority expenditures on an on-going basis. The agency receives federal funding and spends it. This can also include adding modified FTE. The legislature becomes involved during the subsequent legislative session when it receives a report from the agency detailing legislative contract authority expenditures. Figure 6 summarizes the use of LCA for the 2007 biennium through September 2006. In areas where expenditures exceeded authority, the department moved LCA authority from another division to enable the expenditure to occur.

Figure 6  
Use of Legislative Contract Authority

Program	FY 2006	Division Total
<u>Fisheries</u>		
Thompson River Road Mitigation	\$19,396	
Hungry Horse Dam Mitigation	134,900	
Libby Dam Mitigation	24,000	
West Slope Cut Throat (WSCT) Trout Restoration	15,412	
Pallid Sturgeon Recovery - Endangered Species Act	18,651	
Fort Peck Flow	124,201	
Yellowstone River Pallid Sturgeon	29,000	
Grayling Tech Support	47,690	
Big Hole Fluvial Artic Grayling	36,400	
Grayling Restoration	20,000	
WSCT Elkhorn / Belts	6,000	
TIS Evaluation	12,726	
Aquatic Nuisance Outreach & Tech. Assistance	12,534	
Pallid Sturgeon - Endangered Species Act	15,227	
Aquatic Nuisance Species	29,762	
Pallid Sturgeon	50,853	
Murray Springs	\$18,000	
Fisheries Division Total		\$614,752
<u>Wildlife Division</u>		
Bear Shrubfield Survey	2,000	
Griz Bear/Glacier National Park	13,384	
Griz Bear Monitoring/Forest Service	21,174	
Garnet Carnivore	133	
Living with Predators	7,150	
Elk Calf Mortality	12,704	
Grizzly Bear R3	5,000	
NE Montana Piping Plover	77,439	
Chronic Wasting Disease	76,226	
Swift Fox	15,245	
Forest Legacy Admin	21,174	
Peregrine Falcon	29,013	
R2 Grizzly Bear	7,915	
R3 Grizzly Bear	4,000	
Grizzly Bear	5,025	
Piping Plover	15,000	
Least Tern	\$18,878	
Wildlife Division Total		\$331,460
<u>Parks Division</u>		
Blackfoot Interns	6,041	
Blkft R Recreation Permits	18,787	
Smith River	\$7,500	
Parks Division Total		\$32,328
<u>Enforcement Division</u>		
TIPMONT / FS	\$9,000	
Enforcement Division Total		9,000
Total LCA Utilized		\$987,540

The department is seeking present law adjustments to provide \$3.2 million in short-term federal contract authority for the Fisheries, Enforcement, Wildlife, and Parks Divisions for federal funds from various sources to replace authority currently acquired through the budget amendment process.

The appropriation of legislative contract authority would provide the department the ability to spend federal dollars as they are received and provides virtually no oversight of the process. The budget amendment process, as prescribed in 17-7-402, MCA, provides for a formal review process. Requests that do not meet the criteria are not approved, while those that do are provided the authority to do so. The legislature may wish to determine if these funds should be reviewed through a formal process. The options are:

- Appropriate the legislative contract authority, allowing the department to spend additional federal funds without legislative review
- Appropriate authority and seek legislation to modify the carry forward statute to disallow LCA in the calculations process
- Appropriate legislative contract authority to the Fisheries and Wildlife Divisions only as the amounts and activities in the Parks and Enforcement Divisions are minimal and could use the budget amendment process
- Continue to require that the department seek budget amendments for additional federal funding

#### *Financial Audit Results*

The Legislative Audit Division (LAD) completed a financial-compliance audit for the two fiscal years ending June 30, 2005. The audit resulted in 13 recommendations and one disclosure statement. Three affect the Governor's proposed budget. They are:

*Financial Schedules* – LAD issued a qualified opinion on the financial schedules that were reviewed as part of the audit, as a result of a number of errors found in the schedules. The findings led the LAD to advise individuals to use caution when relying on the information presented in the schedule or the state accounting system.



**LFD  
ISSUE****Financial Accuracy**

The finding that individuals must use caution when viewing financial statements is a serious one. These statements must be relied upon if observers, including the legislature, are to have an accurate picture of the activities of the agency. The findings specifically address the use of data. If the legislature is reviewing historic costs as part of their deliberations, the use of data from FY 2004 and FY 2005 should be used with caution, as coding errors may be present and not provide accurate information. The audit was released in November 2005 or nearly one half of the way through FY 2006, and the department may not have been able to correct coding practices for FY 2006. The legislature may wish to have the department provide a status of their corrective action plan.

*Indirect Costs* – State law requires agencies to collect indirect costs from federally awarded contracts. The cash from the federal award must be deposited to the fund that incurs the indirect expenses. The department has traditionally recorded indirect revenues from federal grants into a federal fund, but paid them from the general license account. The agency is correcting this error in a base budget adjustment requested in each division of the department, except the Enforcement Division. The package will reflect an increase in state special revenue authority and a decrease in federal authority of the same amount.

*Internal Service Rate* – The audit determined that the rates in the warehouse internal service fund and the duplicating center are not commensurate with costs. The legislature does not appropriate monies from this fund but does establish the rates. Both of these internal services funds are discussed in the Management and Finance Division.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	35.50	0.00	0.00	35.50	0.00	0.00	35.50	35.50
Personal Services	1,698,541	485,876	0	2,184,417	492,956	0	2,191,497	4,375,914
Operating Expenses	1,310,541	263,488	0	1,574,029	334,812	0	1,645,353	3,219,382
Equipment	24,500	0	0	24,500	0	0	24,500	49,000
Grants	69,389	0	0	69,389	0	0	69,389	138,778
<b>Total Costs</b>	<b>\$3,102,971</b>	<b>\$749,364</b>	<b>\$0</b>	<b>\$3,852,335</b>	<b>\$827,768</b>	<b>\$0</b>	<b>\$3,930,739</b>	<b>\$7,783,074</b>
State/Other Special	2,535,049	978,451	179,034	3,692,534	1,056,706	179,034	3,770,789	7,463,323
Federal Special	567,922	(229,087)	(179,034)	159,801	(228,938)	(179,034)	159,950	319,751
<b>Total Funds</b>	<b>\$3,102,971</b>	<b>\$749,364</b>	<b>\$0</b>	<b>\$3,852,335</b>	<b>\$827,768</b>	<b>\$0</b>	<b>\$3,930,739</b>	<b>\$7,783,074</b>

**Program Description**

Information Services provides information technology and information management services to the entire department, including network creation and administration, hardware and off-the-shelf software procurement and configuration, support of automated license sales and drawings, intranet and internet communications, software deployment and support, and database management.

**Program Highlights**

Information Services Division Major Program Highlights	
◆	This division was created as part of a re-organization in the department during FY 2006
◆	The budget provides for continued support of the automated licensing system, the department web site, and other computer systems

**Funding**

The following table summarizes funding for the agency, by program and source, as recommended by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Program Funding Table Information Services Div							
Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000	Total State Special Funds	\$ 2,535,049	81.7%	\$ 3,692,534	95.9%	\$ 3,770,789	95.9%
	02409 General License	2,535,049	81.7%	3,692,534	95.9%	3,770,789	95.9%
03000	Total Federal Special Funds	567,922	18.3%	159,801	4.1%	159,950	4.1%
	03097 Fedl Fish(W/B) Wildlife(P/R)	263,938	8.5%	22,220	0.6%	22,220	0.6%
	03403 Misc. Federal Funds	124,950	4.0%	137,581	3.6%	137,730	3.5%
	03404 Overhead	179,034	5.8%	-	-	-	-
Grand Total		<u>\$ 3,102,971</u>	<u>100.0%</u>	<u>\$ 3,852,335</u>	<u>100.0%</u>	<u>\$ 3,930,739</u>	<u>100.0%</u>

The Information Services Division manages the functionality, training and hardware associated with the automated licensing system (ALS). The division is primarily funded with license fees. The division receives 81 percent of their funding from the general license account. The federal funding is mainly Pittman-Robertson/Wallup-Breaux dollars to provide additional support for the licensing system.

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					576,891					584,264
Vacancy Savings					(91,015)					(91,308)
Inflation/Deflation					5,981					6,364
Fixed Costs					257,507					328,448
<b>Total Statewide Present Law Adjustments</b>					<b>\$749,364</b>					<b>\$827,768</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$749,364</b>					<b>\$827,768</b>

**LFD COMMENT**

The components driving the personal adjustment are about \$395,000 for vacancies, and \$29,500 for non-legislative pay adjustments. The remainder is attributable to annualization of the previous pay plan, and longevity adjustments, and increases to employer paid health insurance premiums. The vacancy adjustment is attributable to positions authorized by the 2005 legislature to transition the automated licensing system (ALS) from contracted services to in-house management. Five of the 16 approved positions were vacant during the base year for a period of time. The non-legislative pay increases are attributable to the recently completed reorganization and subsequent employee promotions.

**New Proposals**

New Proposals										
-----Fiscal 2008-----					-----Fiscal 2009-----					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 103 - Information Services Overhead Refund										
01	0.00	0	179,034	(179,034)	0	0.00	0	179,034	(179,034)	0
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$179,034</b>	<b>(\$179,034)</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$179,034</b>	<b>(\$179,034)</b>	<b>\$0</b>

DP 103 - Information Services Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department’s most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the general license account.

**LFD ISSUE**

Please see agency issues for a full description of the legislative audit findings.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	45.80	1.00	0.00	46.80	1.00	0.00	46.80	46.80
Personal Services	2,050,511	184,052	0	2,234,563	191,399	0	2,241,910	4,476,473
Operating Expenses	6,522,533	913,378	0	7,435,911	944,130	0	7,466,663	14,902,574
Equipment	6,458	0	0	6,458	0	0	6,458	12,916
Grants	30,681	1,820	0	32,501	1,820	0	32,501	65,002
Benefits & Claims	6,188	0	0	6,188	0	0	6,188	12,376
<b>Total Costs</b>	<b>\$8,616,371</b>	<b>\$1,099,250</b>	<b>\$0</b>	<b>\$9,715,621</b>	<b>\$1,137,349</b>	<b>\$0</b>	<b>\$9,753,720</b>	<b>\$19,469,341</b>
State/Other Special	7,866,985	1,084,383	290,841	9,242,209	1,116,834	290,841	9,274,660	18,516,869
Federal Special	749,386	14,867	(290,841)	473,412	20,515	(290,841)	479,060	952,472
<b>Total Funds</b>	<b>\$8,616,371</b>	<b>\$1,099,250</b>	<b>\$0</b>	<b>\$9,715,621</b>	<b>\$1,137,349</b>	<b>\$0</b>	<b>\$9,753,720</b>	<b>\$19,469,341</b>

**Program Description**

The Field Services Division provides services in five areas.

- The Landowner Sportsman Relations and Block Management Program: 1) establishes and maintains communications with user and resource-based organizations and individuals; 2) administers the Livestock Loss Reimbursement Program; and 3) administers the Block Management Program, which provides recreational access on private property
- The Game Damage Program provides assistance to landowners in minimizing impacts of game animals to property and crops
- The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas
- The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department
- The Land Unit is responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records

**Program Highlights**

<b>Field Services Division Major Program Highlights</b>	
◆	The implementation of the super tag program provides an additional \$325,000 in revenues to support the Block Management program
◆	The expansion of FWP held conservation easements may require the addition of FTE to provide contract oversight
<b>Major LFD Issues</b>	
◆	The funding proposed for the conservation easement land steward may not meet legislative intent

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table							
Field Services Division							
Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000	Total State Special Funds	\$ 7,866,985	91.3%	\$ 9,242,209	95.1%	\$ 9,274,660	95.1%
	02334 Market Based Combo Sales	4,974,392	57.7%	5,807,955	59.8%	5,814,882	59.6%
	02408 Coal Tax Trust Account	34,715	0.4%	34,715	0.4%	34,715	0.4%
	02409 General License	2,821,300	32.7%	3,330,061	34.3%	3,355,585	34.4%
	02469 Habitat Trust Interest	36,578	0.4%	69,478	0.7%	69,478	0.7%
03000	Total Federal Special Funds	749,386	8.7%	473,412	4.9%	479,060	4.9%
	03097 Fedl Fish(W/B) Wildlife(P/R)	458,545	5.3%	473,412	4.9%	479,060	4.9%
	03404 Overhead	290,841	3.4%	-	-	-	-
Grand	Total	<u>\$ 8,616,371</u>	<u>100.0%</u>	<u>\$ 9,715,621</u>	<u>100.0%</u>	<u>\$ 9,753,720</u>	<u>100.0%</u>

The Field Services Division's primary funding source are portions of the variable-rate hunting license sales and the general license account. These sources provide funding for the hunting access enhancement and hunter management program within the block management program. Lesser amounts come from Coal Tax Trust interest and Wildlife Habitat Trust interest. Federal funding consists of Pittman-Robertson funds derived from excise taxes on sporting fire arms and ammunition. This funding requires a minimum match of 25 percent that is provided by license revenues.

The division used to receive a portion of the overhead allocation made on federal and non-federal funds. Due to the findings of the legislative auditor, this funding mechanism requires change. The budget provides additional authority from the general license account, where the allocation revenue will now be deposited.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
Personal Services					229,992					237,598
Vacancy Savings					(91,219)					(91,523)
Inflation/Deflation					111,192					117,388
Fixed Costs					(1,544)					(1,544)
<b>Total Statewide Present Law Adjustments</b>					<b>\$248,421</b>					<b>\$261,919</b>
DP 201 - Block Management	0.00	0	660,000	0	660,000	0.00	0	660,000	0	660,000
DP 202 - Tax Adjustment	0.00	0	69,561	14,867	84,428	0.00	0	88,514	20,515	109,029
DP 203 - Game Damage Elk Herders	0.00	0	22,247	0	22,247	0.00	0	22,247	0	22,247
DP 204 - Living With Wildlife Biennial	0.00	0	1,820	0	1,820	0.00	0	1,820	0	1,820
DP 206 - Conservation Easement Land Steward	1.00	0	32,900	0	32,900	1.00	0	32,900	0	32,900
DP 208 - Dam Safety Act Technical Adjustment	0.00	0	49,434	0	49,434	0.00	0	49,434	0	49,434
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$0</b>	<b>\$835,962</b>	<b>\$14,867</b>	<b>\$850,829</b>	<b>1.00</b>	<b>\$0</b>	<b>\$854,915</b>	<b>\$20,515</b>	<b>\$875,430</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,099,250</b>					<b>\$1,137,349</b>

### LFD COMMENT

The primary component driving the biennial personal services adjustment of is about \$75,844 for vacancies. The remainder is attributable to annualization of the previous pay plan, including longevity increases and adjustments to employer paid health insurance premiums.

DP 201 - Block Management - The 2005 Legislature modified Title 87, Chapter 1, and part 2 to include authority for the department to create an annual lottery for a moose, sheep, goat, deer, and elk super tag and directed the revenues to augment current support of hunter access and block management enforcement. The executive requests to annualize the operations budget of \$660,000 approved by the previous legislature in FY 2007 only. The revenue would be from the sale of super tag chances and the increase in variable priced outfitter sponsored non-resident deer and elk licenses. The super tag program generated \$324,665 in revenues in FY 2007.

**LFD  
COMMENT**

The department has requested a bill to expand the super tag to bison, antelope and mountain lion to raise additional funds for the block management program.

DP 202 - Tax Adjustment - This proposal would increase budget authority to cover tax liabilities for department lands and continue adjustments based upon the current rate of increase in tax payments for FY 2008 and FY 2009. FY 2006 tax liabilities were \$451,861. This adjustment allows payment of tax liabilities of \$536,289 in FY 2008 and \$560,890 in FY 2009.

DP 203 - Game Damage Elk Herders - The executive is requesting the restoration of \$22,247 in operations to the game damage program. This amount was transferred to personal services in FY 2006 in an operations plan change to deal with the change in worker compensation laws. Provisions of SB 108, enacted in the 2005 legislative session, changed the requirements for an independent contractor exemption certificate for worker's compensation. FWP had previously utilized independent personal services contracts for these services. The modified FTE are used to herd game animals away from crops and stored hay/grain as a means to mitigate game damage on private property in certain locations during the spring-summer period.

**LFD  
ISSUE****Potential Operations Plan Change**

This proposal requests additional contracted services. In order to comply with SB 108 changes, the department will need to process an operations plan change to move this appropriation to personal services in order to establish modified FTEs to complete the job. The legislature may wish to establish an FTE and appropriate personal services dollars to eliminate the need for a operations plan change.

DP 204 - Living With Wildlife Biennial - The executive is requesting \$1,820 per year to re-establish the division's biennial appropriation for the Living with Wildlife Grant Program at \$65,000 for FY 2008 and FY 2009.

**LFD  
COMMENT**

This program provides grants to community groups to address living with wildlife. Grants were provided to the City of Helena, Montana Audubon, and the Beartooth Front Community Forum. These groups utilized the grant funds to establish baseline data regarding urban wildlife, develop guidelines for wetland developments and provide bear resistant garbage containers. A total of 11 grants were funded in FY 2006.

DP 206 - Conservation Easement Land Steward - FWP currently holds over 50 conservation easements, totaling nearly 400,000 acres. The executive is requesting 1.00 FTE and partial funding of \$32,900 each year to ensure the long term stewardship obligation of the department in conservation easements.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** The department assumes long-term stewardship obligations to ensure that the interests held under a conservation easement is properly managed and protected. As conservation easements increase, staff is needed to respond to landowner requests related to managing easement properties.

**Goals:** Manage habitat in conservation easements in a cooperative manner with landowners to benefit the health and species of plant and wildlife communities.

**Performance Criteria:**

- Resolution of all landowner operational change requests will be completed within 60 days of application
- All FWP held conservation easements will be monitored annually
- Response to all landowner easement complaints will be made within one week of receipt
- Department conservation easement records will be updated quarterly
- All pending landowner operational change requests will be resolved by January 1, 2008 or within 6 months of hiring

**Milestones:** The conservation land steward will be hired by July 1, 2007.

**FTE:** One FTE is being requested to complete this work. Stewardship skills typically include experience in range management, ranching, forestry, and a long-term view of land management, legal requirements, and relationship building.

**Funding:** A portion of the funding for this proposal will be re-directed from division operations (\$21,934 from the general license account), and the remainder of \$32,900 will be funded from the Wildlife Habitat Trust (02469). The trust interest fund is for development and maintenance of real property used for wildlife habitat.

**Obstacles:** Obtaining a qualified applicant pool could be difficult. To increase the applicant pool, the job announcement will be placed in newsletters of Land Trust organizations. If entry pay level proves to be an obstacle, a strategic pay plan exception will be requested.

**Risk:** Without this position, FWP relationships with easement landowners could be strained due to the department's delayed response to landowner requests. Wildlife habitat values associated with some easements could be negatively impacted and enforcement and easement-defense actions by FWP for non-compliance of easement terms may result.

**LFD  
ISSUE**

**Use of Conservation Easements**

Conservation easements will continue to be used as a tool by the department and other entities to protect the natural landscape and vital habitat. Landowners will continue to use the tool for tax purposes, the ability to pass land to family, and to meet their own conservation goals. As with the purchase of land, conservation easements come with some costs to manage. To control future costs, the legislature may wish to influence the number of conservation easements held by FWP. This could be done by the following means:

- Request legislation to limit the number of easements or number of acres to be managed by the department under a conservation easement
- Request from the department a summary of proposed easement transactions for the 2009 biennium in relation to this budget request

**LFD  
ISSUE  
CONT.**

If the legislature is interested in assuring the work will be completed with assigned resources, the legislature may wish to require performance reporting for this proposal during the 2009 biennium to assure sufficient resources are available to manage the conservation easements.

The Habitat Montana program established at 87-1-241,MCA, provides a funding source for the department to secure wildlife habitat. The statute allows for a portion of the interest to be used for operations and maintenance costs on the sites associated with the real property managed by the program. Real property is land, what is affixed to the land, and easements running with the land. If thought of in terms of a bundle of sticks, the landowner holds a bundle of sticks, but has transferred the “sticks” related to future development to the department. Therefore, a conservation easement is an interest in land management, but is not a form of land ownership. However, the legislature may not have contemplated the use of this fund to manage conservation easements.

DP 208 - Dam Safety Act Technical Adjustment - The executive requests authority for continued coverage and support of a Department of Natural Resources and Conservation (DNRC) part-time engineer and associated operations, which provide dam safety expertise for FWP owned water impoundment projects. Use of contracted services would allow for FWP oversight of work and support with general license funds.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 209 - Field Services Overhead Refund										
02	0.00	0	290,841	(290,841)	0	0.00	0	290,841	(290,841)	0
Total	0.00	\$0	\$290,841	(\$290,841)	\$0	0.00	\$0	\$290,841	(\$290,841)	\$0

DP 209 - Field Services Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department's most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the general license account.

**LFD  
COMMENT**

Please see agency issues for a full description of the legislative audit findings.



**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	143.02	2.00	0.00	145.02	3.00	0.00	146.02	146.02
Personal Services	6,619,541	1,274,608	0	7,894,149	1,338,007	0	7,957,548	15,851,697
Operating Expenses	3,801,751	869,351	1,050,000	5,721,102	881,984	1,050,000	5,733,735	11,454,837
Equipment	289,897	243,000	0	532,897	231,500	0	521,397	1,054,294
Grants	70,000	0	0	70,000	0	0	70,000	140,000
<b>Total Costs</b>	<b>\$10,781,189</b>	<b>\$2,386,959</b>	<b>\$1,050,000</b>	<b>\$14,218,148</b>	<b>\$2,451,491</b>	<b>\$1,050,000</b>	<b>\$14,282,680</b>	<b>\$28,500,828</b>
General Fund	0	0	250,000	250,000	0	250,000	250,000	500,000
State/Other Special	4,092,689	611,173	240,761	4,944,623	662,250	240,761	4,995,700	9,940,323
Federal Special	6,688,500	1,775,786	559,239	9,023,525	1,789,241	559,239	9,036,980	18,060,505
<b>Total Funds</b>	<b>\$10,781,189</b>	<b>\$2,386,959</b>	<b>\$1,050,000</b>	<b>\$14,218,148</b>	<b>\$2,451,491</b>	<b>\$1,050,000</b>	<b>\$14,282,680</b>	<b>\$28,500,828</b>

**Program Description**

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program:

1. Operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited;
2. Regulates angler harvests;
3. Monitors fish populations; and
4. Provides and maintains adequate public access.

**Program Highlights**

<b>Fisheries Division</b>	
<b>Major Program Highlights</b>	
♦	The division is seeking an additional \$3.9 million for hatchery operations, participation in state wildlife grants and additional field staff.
♦	The executive is seeking to add 3.00 FTE over the biennium <ul style="list-style-type: none"> <li>• 1.00 FTE as a Butte area biologist</li> <li>• 2.00 FTE among regions to assist fisheries biologists</li> </ul>
<b>Major LFD Issues</b>	
♦	The warm water fish stamp revenues are insufficient to cover the costs of operations and maintenance at the Fort Peck Hatchery

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Fisheries Division						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ -	-	\$ 250,000	1.8%	\$ 250,000	1.8%
01100 General Fund	-	-	250,000	1.8%	250,000	1.8%
02000 Total State Special Funds	4,092,689	38.0%	4,944,623	34.8%	4,995,700	35.0%
02148 Paddlefish Roe Account	25,000	0.2%	25,000	0.2%	25,000	0.2%
02409 General License	3,764,969	34.9%	4,436,679	31.2%	4,487,756	31.4%
02942 Warm Water Fish Stamp	302,720	2.8%	482,944	3.4%	482,944	3.4%
03000 Total Federal Special Funds	6,688,500	62.0%	9,023,525	63.5%	9,036,980	63.3%
03097 Fedl Fish(W/B) Wildlife(P/R)	4,473,913	41.5%	5,110,878	35.9%	5,119,824	35.8%
03403 Misc. Federal Funds	2,173,826	20.2%	3,312,647	23.3%	3,317,156	23.2%
03404 Overhead	40,761	0.4%	-	-	-	-
03408 State Wildlife Grants	-	-	600,000	4.2%	600,000	4.2%
Grand Total	<u>\$ 10,781,189</u>	<u>100.0%</u>	<u>\$ 14,218,148</u>	<u>100.0%</u>	<u>\$ 14,282,680</u>	<u>100.0%</u>

The division is funded with 63 percent federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. (See the agency wide issues on federal funding for a detailed explanation.) General license dollars contribute 31 percent of the division's funding and are used for fish restoration and hatchery support. The balance of funding is from the warm water fish stamp earmarked for the operations of the Fort Peck Hatchery, and the state wildlife grant program and the corresponding general fund match.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
Fiscal 2008					Fiscal 2009				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				1,098,525					1,126,039
Vacancy Savings				(308,723)					(309,820)
Inflation/Deflation				193,156					207,432
Fixed Costs				(3,853)					(3,853)
<b>Total Statewide Present Law Adjustments</b>				<b>\$979,105</b>					<b>\$1,019,798</b>
DP 301 - Fort Peck Base Adjustments									
0.00	0	180,224	0	180,224	0.00	0	180,224	0	180,224
DP 302 - Fish Management Biologists and Techs									
2.00	0	30,208	90,622	120,830	3.00	0	65,550	79,119	144,669
DP 303 - Operations Cost Adjustment									
0.00	0	26,700	80,100	106,800	0.00	0	26,700	80,100	106,800
DP 307 - Fisheries Legislative Contract Authority OTO									
0.00	0	0	1,000,000	1,000,000	0.00	0	0	1,000,000	1,000,000
<b>Total Other Present Law Adjustments</b>									
<b>2.00</b>	<b>\$0</b>	<b>\$237,132</b>	<b>\$1,170,722</b>	<b>\$1,407,854</b>	<b>3.00</b>	<b>\$0</b>	<b>\$272,474</b>	<b>\$1,159,219</b>	<b>\$1,431,693</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$2,386,959</b>					<b>\$2,451,491</b>

### LFD COMMENT

The primary components driving the personal adjustment are \$489,000 for vacancies and \$143,703 for non-legislative pay adjustments. The remainder is attributable to the annualization of the previous pay plan, longevity adjustments and increases to employer paid health insurance premiums. The non-legislative pay increases are attributable to market adjustments provided to conservation technicians and fish culturists.

DP 301 - Fort Peck Base Adjustment - Construction of the FT Peck Hatchery was delayed and the hatchery was not operational until January 2006. As a result, operational expenses were not fully expended during the base year. The executive requests spending authority to maintain the base budget for hatchery operations and maintenance.

**LFD  
ISSUE****Insufficient Funding**

Licensed anglers who wish to fish in waters where stocking may occur from the Fort Peck operations must purchase a \$5.00 warm water fish stamp. Statute directs hatchery operations to be fully funded by proceeds from the warm water fish stamp along with any available federal revenue received for the purposes of the Fort Peck hatchery. The revenues from stamp sales do not keep pace with operation costs and the state has not received operations funding from the federal government. The revenues projected for FY 2007 are \$293,000 and expenditures are budgeted at \$485,000.

Montana anglers are split on the issue of funding operations at the Fort Peck Hatchery. The department has been working with interest groups on both sides of the issue. Cold water fish groups have historically opposed the use of general license dollars to support the hatchery and support an increase to the warm water stamp, while warm water groups support an increase in the general fishing license to support the hatchery.

There are two issues for consideration:

- Level of fees to support the program; and
- Use of other department funds.

**Fees**

As per Figure 7, the fund is projected to receive \$560,000 in revenues during the 2009 biennium and expend \$1.0 million, leaving a \$378,000 balance at the end of the 2009 biennium. Without a change in the fee, the fund will be unable to support the hatchery during the 2011 biennium.

Figure 7 provides two fee options for comparative purposes. As shown, the fee would have to double from \$5.00 to \$10.00 for the fund to be structurally balanced and allow for some expenditure growth in the 2011 biennium. Increasing the fee to \$7.50 would not make the fund structurally balanced, but the increased revenue stream would slow the spend down of the fund balance.

**Use of other Department Funds**

Statistics from license year 2005 indicate that 26 percent of all licensed resident anglers purchase a warm water fish stamp. There is a correlation between the GLA and the warm water fishing industry. Therefore, the legislature does have the option of modifying 87-3-236, MCA to allow for general license dollars to support the hatchery. Without this modification, the appropriation of general license dollars for hatchery operations violates Montana law.

Construction of the Fort Peck Hatchery was completed with federal funding. There remains a possibility of the department receiving federal assistance to operate the hatchery. The 2005 Legislature addressed this by providing language to replace state special revenue with federal revenue, if this did occur. Without this language the department could accept the federal funds through a budget amendment and potentially still have authority to spend the state special revenue.

**Figure 7**  
**Warm Water Fish Stamp**  
**Projected Fund Balance**

Price Per Stamp	\$5.00	\$7.5	\$10.0
FYE 2006 Balance	\$1,066,077	\$1,066,077	\$1,066,077
FY 2007 Projected Revenues	293,542	293,542	293,542
FY 2007 Appropriations*	(510,737)	(510,737)	(510,737)
FY 2007 Projected Ending Fund Balance	<u>848,882</u>	<u>848,882</u>	<u>848,882</u>
FY 2008 Projected Revenues	280,000	419,621	559,420
FY 2008 Requested Budget*	(510,737)	(510,737)	(510,737)
FY 2008 Projected Ending Fund Balance	<u>618,145</u>	<u>757,766</u>	<u>897,565</u>
FY 2009 Projected Revenues	280,000	419,621	559,420
FY 2009 Requested Budget*	(510,737)	(510,737)	(510,737)
FY 2009 Projected Ending Fund Balance	<u>\$387,408</u>	<u>\$666,650</u>	<u>\$946,248</u>

\* includes non-budgeted overhead transfer

**LFD  
ISSUE  
CONT.**

In summary, the legislature may wish to consider the following options to address the funding issue at Fort Peck Hatchery:

- Propose legislation to increase the warm water stamp fee
- Propose legislation to modify 87-3-236, MCA to allow the expenditure of general license funds to support hatchery operations, and
- Propose a transfer of funds from the GLA to the warm water stamp fund; or
- Directly appropriate GLA funds for hatchery operations

The legislature may also wish to condition the appropriation to address potential federal funding and reduce general license or warm water stamp state special revenue.

DP 302 - Fish Management Biologists and Techs - The executive is requesting 2.00 FTE in FY 2008 and 3.00 FTE in FY 2009 for biologists and fish technicians and corresponding operating expenses. The additional FTE would be used to provide better management of the Big Hole, Beaverhead and Ruby Rivers. The additional FTE in FY 2009 is requested to replace a modified FTE funded with one-time only authority from the future fisheries program.

DP 303 - Operations Cost Adjustment - The executive is requesting additional operations funding to cover increased costs including:

- Contract services for stream gauging, fisheries monitoring, and fish health monitoring
- Hatchery costs including utilities, distribution truck fuel motorboat fuel, and fish food
- Other costs such as mailing costs for angler surveys and office rent

DP 307 - Fisheries Legislative Contract Authority OTO - The executive is requesting \$1.0 million per fiscal year in short-term contract authority for projects using federal funding.

**LFD  
COMMENT**

Please see agency issues for a full description of Legislative Contract Authority.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 306 - Fisheries Statewide Wildlife Grants										
03	0.00	250,000	200,000	600,000	1,050,000	0.00	250,000	200,000	600,000	1,050,000
DP 308 - Fisheries Overhead Refund										
03	0.00	0	40,761	(40,761)	0	0.00	0	40,761	(40,761)	0
Total	0.00	\$250,000	\$240,761	\$559,239	\$1,050,000	0.00	\$250,000	\$240,761	\$559,239	\$1,050,000

DP 306 - Fisheries Statewide Wildlife Grants - The executive requests appropriation authority to continue FWP participation in the state wildlife grant program. The program provides funds to FWP to conserve native fish and wildlife species as well as reduce the potential for federal listing of species. This decision package requests authority to spend \$1.2 million in federal funds, \$600,000 in general fund and \$400,000 in general license funds during the next biennium.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** The state wildlife grant program implements Montana's Comprehensive Fish and Wildlife Conservation Strategy (CFWCS) to address the conservation needs of those species that FWP has not typically had funding to manage.

**Goal:** To continue implementation of the Montana Comprehensive Fish and Wildlife Conservation Strategy in order to actively protect and restore species and habitats in need of conservation.

**Performance Criteria:**

- Limit the need to list additional species under the endangered species act (ESA) because better biological data would allow to active protection and restoration of species and habitats in need of conservation
- Successfully restore and/or protect aquatic habitats identified in the plan as in need of conservation
- Collect basic biological data about lesser known species of concern to determine their distribution, status, and habitat needs in order to undertake activities that would preclude the need to list additional species under the ESA

**Milestones:**

- November 2006– Request that FWP staff and partners identify and submit proposed ideas for projects to the Technical Committee
- January 2007– May 2007 - Principle staff incorporates projects into bundles, balance target allocations and seeks approval from steering committee for projects
- June 2007 – Submission of federal aid documentation
- Post June 2007 – Project implementation
- August 2007 – Begin process again with request for proposals

**FTE:** A combination of existing staff, contracts and modified FTE will complete the work.

**Funding:** Fifty percent of funding will be provided from federal funding through the State Wildlife Grant Program (SWG) and the required match will be 17 percent from general license revenues, 21 percent general fund, and 12 percent from private sources.

**Obstacles:** The CFWCS evaluated the needs of over 600 vertebrate species in multiple habitat types across the state. The list of actions needed to conserve all these species and their habitats is extensive.

**Risks:** The CFWCS identifies the species in greatest conservation need along with their related habitats and communities. By not implementing this plan, it is possible that more species will become threatened and endangered in the future.

<b>LFD ISSUE</b>	<p><b>Management of State Wildlife Grants</b></p> <p>There are three issues associated with this request.</p> <ul style="list-style-type: none"> <li>○ Outcomes of SWG projects from the last biennium;</li> <li>○ Development of performance criteria; and</li> <li>○ Appropriation of general fund.</li> </ul> <p><u>Outcomes from the 2007 Biennium</u></p> <p>The department has 15 projects currently in progress. This request is for additional projects to implement the conservation plan. The outcomes of the 2007 biennium could demonstrate the successes and challenges in this program. The legislature may wish to examine the progress towards program objectives based on current projects.</p>
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**LFD  
ISSUE  
CONT.**Development of performance criteria

As provided the performance measures are not specific, quantifiable or time bound as required by state law, thus limiting the ability of the legislature to formulate appropriations policy. Without such information, the legislature is unable to establish their intent for this program. At this writing the department was developing a comprehensive conservation action plan to implement the CFCWS. This action plan should be the guiding document for the State Wildlife Grant Program within the department and be used to rewrite the performance criteria.

General Fund

There is an issue of whether general fund should be utilized for the purpose of species and habitat conservation when potential other sources of revenue exist. Other sources could include the general license account, financial participation from conservation partners, or habitat funding already managed by the department. This request, if approved, will establish base budget general fund authority for the Fisheries Division.

In summary, the legislature may wish to consider the following when deliberating on the appropriation for the state wildlife grant program

- Examine the outcomes of SWG projects from the 2007 biennium
- Examine the CFWCS implementation plan to:
  - Strengthen program performance objectives to allow for formulation of appropriations policy and future measurement of success
  - Determine whether there is a general benefit to the state that would support using general fund for this appropriation request
- Replace general fund with general license, river restoration or future fisheries fund, or private donations

DP 308 - Fisheries Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department's most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the general license account.

**LFD  
COMMENT**

Please see agency issues for a full description of the legislative audit findings.

**Language**

"During the 2009 biennium, if the department obtains federal funding for the operations of the Fort Peck fish hatchery, it must be used to replace state special revenue approved to fund personal services and operational costs of the hatchery."

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	108.73	2.00	2.00	112.73	2.00	2.00	112.73	112.73
Personal Services	5,730,967	484,823	86,118	6,301,908	508,053	86,262	6,325,282	12,627,190
Operating Expenses	1,565,863	347,417	43,000	1,956,280	344,917	24,000	1,934,780	3,891,060
Equipment	82,664	11,000	11,000	104,664	0	0	82,664	187,328
Grants	35,400	0	0	35,400	0	0	35,400	70,800
<b>Total Costs</b>	<b>\$7,414,894</b>	<b>\$843,240</b>	<b>\$140,118</b>	<b>\$8,398,252</b>	<b>\$852,970</b>	<b>\$110,262</b>	<b>\$8,378,126</b>	<b>\$16,776,378</b>
General Fund	0	139,032	0	139,032	116,612	0	116,612	255,644
State/Other Special	7,112,336	592,647	140,118	7,845,101	623,828	110,262	7,846,426	15,691,527
Federal Special	302,558	111,561	0	414,119	112,530	0	415,088	829,207
<b>Total Funds</b>	<b>\$7,414,894</b>	<b>\$843,240</b>	<b>\$140,118</b>	<b>\$8,398,252</b>	<b>\$852,970</b>	<b>\$110,262</b>	<b>\$8,378,126</b>	<b>\$16,776,378</b>

**Program Description**

The Law Enforcement Division is responsible for ensuring compliance with laws and regulations pertaining to the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other protected wildlife species. It also enforces the laws and regulations relative to lands or waters under agency jurisdiction and the authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, outfitters/guides and snowmobile and off highway vehicles safety and registration. Other duties include block management patrols, stream access enforcement, commercial wildlife permitting, hunter education license vendor contacts, game damage response, urban wildlife activities, and assisting other law enforcement agencies as requested.

**Program Highlights**

<b>Law Enforcement Division</b>	
<b>Major Program Highlights</b>	
♦	The executive is requesting funding for four wardens: <ul style="list-style-type: none"> <li>• 2.0 FTE regional investigators</li> <li>• 2.0 FTE state trust lands wardens</li> </ul>
♦	Additional increases are for warden overtime, parks enforcement, and investigative costs for the Board of Outfitters
<b>Major LFD Issues</b>	
♦	The use of state trust lands revenue may not be appropriate

**Funding**

The Enforcement Division is funded primarily with general license dollars. Other state special revenue includes variable priced outfitter sponsored license revenues, fuel taxes, off highway vehicle, and snowmobile registration fees. Federal funds are primarily from the US Coast Guard and require a 25 percent match supplied by the general license account. General fund is proposed to provide funding for the Regional Investigator Program.

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Enforcement Division						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ -	-	\$ 139,032	1.7%	\$ 116,612	1.4%
01100 General Fund	-	-	139,032	1.7%	116,612	1.4%
02000 Total State Special Funds	7,112,336	95.9%	7,845,101	93.4%	7,846,426	93.7%
02115 Off-Highway Vehicle Fines	45,921	0.6%	83,178	1.0%	83,474	1.0%
02241 Dsl Recreational Use Account	-	-	49,041	0.6%	38,592	0.5%
02329 Snowmobile Fuel Tax-Enforcemnt	25,090	0.3%	15,090	0.2%	15,090	0.2%
02334 Market Based Combo Sales	297,754	4.0%	363,355	4.3%	363,355	4.3%
02409 General License	6,418,878	86.6%	6,887,848	82.0%	6,918,516	82.6%
02411 State Parks Miscellaneous	126,427	1.7%	173,559	2.1%	173,184	2.1%
02413 F & G Motorboat Cert Id	109,318	1.5%	75,552	0.9%	75,552	0.9%
02414 Snowmobile Reg	68,950	0.9%	86,403	1.0%	86,995	1.0%
02558 Fas - Vehicle Registration	19,998	0.3%	19,998	0.2%	19,998	0.2%
02938 Tlmd - Administration	-	-	91,077	1.1%	71,670	0.9%
03000 Total Federal Special Funds	302,558	4.1%	414,119	4.9%	415,088	5.0%
03403 Misc. Federal Funds	302,558	4.1%	414,119	4.9%	415,088	5.0%
Grand Total	<u>\$ 7,414,894</u>	<u>100.0%</u>	<u>\$ 8,398,252</u>	<u>100.0%</u>	<u>\$ 8,378,126</u>	<u>100.0%</u>

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
Fiscal 2008						Fiscal 2009				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				436,092					460,150	
Vacancy Savings				(246,685)					(247,641)	
Inflation/Deflation				188,940					199,168	
Fixed Costs				(2,827)					(2,827)	
Total Statewide Present Law Adjustments				\$375,520	\$408,850					
DP 402 - Warden Overtime	0.00	0	192,000	8,000	200,000	0.00	0	192,000	8,000	200,000
DP 403 - Block Management	0.00	0	18,561	0	18,561	0.00	0	18,561	0	18,561
DP 404 - Parks Enforcement	0.00	0	6,200	0	6,200	0.00	0	6,200	0	6,200
DP 406 - Board of Outfitters	0.00	0	20,000	0	20,000	0.00	0	20,000	0	20,000
DP 407 - Regional Investigators (Requires Legislation)	2.00	139,032	7,318	0	146,350	2.00	116,612	6,138	0	122,750
DP 409 - Radio Dispatch	0.00	0	31,609	0	31,609	0.00	0	31,609	0	31,609
DP 410 - Off Highway Vehicle	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 411 - Legislative Contract Authority OTO	0.00	0	0	15,000	15,000	0.00	0	0	15,000	15,000
Total Other Present Law Adjustments										
	2.00	\$139,032	\$305,688	\$23,000	\$467,720	2.00	\$116,612	\$304,508	\$23,000	\$444,120
Grand Total All Present Law Adjustments				\$843,240	\$852,970					



**LFD  
COMMENT**

The primary components driving the personal services adjustment are about \$267,300 for vacancies, and \$13,408 for non-legislative pay adjustments. The remainder is attributable to the annualization of the previous pay plan, longevity adjustments and increases to employer paid health insurance premiums. The non-legislative pay increases are attributable to union negotiations.

DP 402 - Warden Overtime – The executive requests authority to provide overtime compensation to addresses staffing needs of the division and meet the terms of MPEA Fish and Game Wardens bargaining agreement.

**LFD  
COMMENT**

The request is equal to the historical average overtime expenditures.

DP 403 - Block Management - The 2005 Legislature modified Title 87, Chapter 1, and part 2 to include authority for the department to create an annual lottery for a moose, sheep, goat, deer, and elk super tag. A portion of the revenue was earmarked for enforcement. The executive requests \$18,561 each year to raise the base to the level approved for FY 2007 only.

**LFD  
COMMENT**

See DP 201 under Field Services Division for additional information regarding the super tag program.

DP 404 - Parks Enforcement - The executive requests a base adjustment to restore operations costs associated with vacant positions in the base year.

**LFD  
COMMENT**

The division experienced significant turnover due to a retirement cycle. Fifteen new wardens were hired throughout FY 2006. The department does not anticipate this level of turnover in the 2009 biennium.

DP 406 - Board of Outfitters - The executive requests an increase in operational funding each year by an additional \$20,000 to a level of \$60,000 annually for FWP to conduct compliance checks and investigations for outfitters and guides

DP 407 - Regional Investigators- The executive requests 2.00 FTE for regional investigator positions to address investigative shortfalls by focusing on serious resource abuse and commercialized wildlife crimes. This request includes \$255,000 of general fund.

**LFD  
COMMENT**

The 2005 legislature approved the hiring of 2.00 FTE regional investigator positions and required performance management reporting during the interim to the Legislative Finance Committee (LFC). The final report to the LFC provided a summary of activities through August 30, 2006. Highlights from the report include:

- 1,608 violations detected, 551 charged
- 41 license fraud cases, eight referrals to the Department of Revenue for residency issues
- 138 interviews with informants, 213 interviews with persons of interest, and 69 intelligence reports completed
- Fines levied of \$122,775 and an additional \$85,00 in restitution
- 164.5 years of privileges suspended, 1 life time suspension, and 1 prison term

**LFD  
ISSUE**

## Legislative Expectations/General Fund Utilization

There are two issues in relation to this request: 1) legislative expectations of two additional investigators; and 2) the use of general fund.

Additional Staff

The addition of two regional investigators does not guarantee the same rate of return as experienced in 2006. As part of the deliberations process the legislature may wish to discuss with the department:

- Incremental outcomes associated with the two additional positions
- Performance criteria for a potentially expanded investigation program

The first \$60,000 in fines is credited to the department and deposited to general license account. The remaining fees are deposited to the general fund. The issue is whether the legislature chooses to utilize general fund for the investigation of resource abuse and wildlife crimes. This request, if approved, will establish base budget general fund authority for the Enforcement Division. The current investigators are funded from the general license account. The legislature may wish to:

- Request legislation to re-direct a greater portion of wildlife fines to the general license account and fund the positions from the general license account
- Fund the request from the general license account
- Make no changes

DP 409 - Radio Dispatch - The executive is requesting funding to support an additional dispatcher in the Montana Highway Patrol (MHP) dispatch center. The additional dispatcher would provide manpower to handle basic mobile radio services for Montana Game Wardens, including but not limited to dispatch coordination for FWP response, TIP-MONT, and license and violation database query. Use of contracted services would allow for FWP oversight of work and expenditures of general license funds.

DP 410 - Off Highway Vehicle - The executive is requesting authority for the Off Highway Vehicle (OHV) decal fund to potentially conduct a public review of hunting related use of OHVs. The FWP Commission would need to approve this project.

DP 411 - Legislative Contract Authority OTO - The executive is requesting \$40,000 per fiscal year in short-term contract authority for projects using federal funding

**LFD  
ISSUE**

Due to the small amount of authority being requested, the legislature may wish to disapprove the decision package and direct the department to utilize the budget amendment process for potential federal funding. Please see agency issues for a full description of legislative contract authority.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 412 - State Lands Wardens										
04	2.00	0	140,118	0	140,118	2.00	0	110,262	0	110,262
Total	2.00	\$0	\$140,118	\$0	\$140,118	2.00	\$0	\$110,262	\$0	\$110,262

DP 412 - State Lands Wardens - The executive is requesting 2.00 FTE and \$172,830 in state special revenue authority to enable the department to provide unrestricted enforcement of state trust land recreational use rules. The FTE would provide enforcement in specific problem areas. The funding source is the trust land administration fund and the recreational use fund, both of which receive revenues from the activities associated with state trust lands.

Justification: Violations such as littering, illegal dumping, off-road motor vehicle use, and illegal shooting are committed on state trust lands by persons engaged in activities other than hunting or fishing. The hiring and funding of these wardens would allow DNRC to concentrate enforcement efforts in specific problem areas and to bolster all aspects of enforcement of the rules on a year-round basis without the current restrictions placed on other wardens.

Goal: To minimize damage to the state trust resources, to decrease the amount of funds being expended to remediate damages and to generate additional revenues to the affected trusts through increased license sales, and to improve communication and coordination affecting statewide enforcement efforts with other FWP game wardens.

Performance Criteria: The position descriptions and work plans will establish goals and objectives necessary to enhance enforcement of the state land recreational use rules. DNRC will enter into an MOU with FWP in order to direct the specific duties, priorities, and reporting requirements necessary to establish and maintain accountability for the work performed.

Milestones:

- Work with DNRC Area and Unit Offices to identify problem areas and/or areas with known concentrated recreational use.
- Inspect identified sites, prioritize them by degree of damage, extent of use, etc., and develop strategies and timetables for implementing enforcement actions.
- Work with local courts to inform them of identified problems and plans of action for enforcement in an effort to bolster their support in the prosecution of violators cited under criminal code
- Meet with other game wardens on a statewide basis to educate them about the rules, problem areas, prosecution options, etc. in order to sustain or improve relationships and to solicit their continued cooperation and assistance in enforcement of the program.
- Develop and implement program educational strategies, including disbursement and/or presentation of informational material to the public, license agents, and other special use interest groups.

FTE: The hire date would be within 3 months of approval of the FTE.

Funding: This position would be funded by the trust land administration account (02938 fund) and the recreational use account (02241 fund). The recreational use account collects \$1.50 from the sale of each conservation license to reimburse the trusts for the use of state land.

Obstacles: None.

Risk: DNRC would continue to not be able to provide direct enforcement in areas experiencing concentrated use with repeated violations that result in resource damage or which are committed by persons engaged in activities other than hunting and fishing. Such damage ultimately impacts the long-term income generating potential derived from use of the affected tract(s) and requires substantial expenditures for remediation of the damages to resources and other improvements located on the lands.

**LFD  
ISSUE****Coordination With Trust Land Management**

State trust lands are not defined in statute. However, they are those lands that are held in trust for beneficiaries such as common schools, and the university system, and for the benefit of public institutions. Those tracts are referred to as trust lands. Title 77 of the Montana Code Annotated does not consistently differentiate policy towards trust lands differently than state lands.

The department identifies the restricting factor of this proposal as the current funding source of the game wardens. The department believes that enforcing general recreation, trespass, or criminal mischief on state trust lands when the individual is not engaged in hunting or fishing inappropriately diverts license revenues. License revenues are pledged to be used for the management of the activities of the fish and game agency of the state in order to obtain federal funds. (See general agency issues for more information.) However, the Enforcement Division also receives boat, OHV and snowmobile decal revenue and state parks funding which provides funding for the wardens to enforce licensing and use issues of recreational vehicles and within state parks.

The proposal as written does not provide specific performance criteria in which to measure the progress toward the stated goal. The progress should be measured based upon data relating to the goal, not the implementation of a job description. For example, does the legislature wish to know how many violations were issued on state trust parcels or if the state experienced a reduced amount of expenditures for resource remediation? If the FTE are key to completing the goal, the performance criteria need to demonstrate their role in getting to the goal.

Milestones are generally provided to give the legislature a snapshot of what should occur over the biennium. The only time related item is the hiring of the FTE three months after approval. This tells the legislature when to expect the person to be hired, but does not provide any idea of when key activities of implementation will occur. Does the legislature wish to have a clearer picture about how this new activity will be implemented?

The idea of hiring two FTEs for a specific area addresses only a part of the problem. Resource damage is occurring across the state. Placing the two FTE in high risk areas would provide short term impact. However the long term impact on state lands is not being addressed. With the decision package conditioned as one-time only, the legislature would commit to see if it works in the short term with limited staff and limited jurisdiction. A review of statutes and an alternative funding mechanism could be established to assure state wide coverage.

There is also proposed legislation to redefine the means in which state land management is funded. Should any of those be passed and approved, the funding source of this package may need to be altered.

In summary, the legislature may wish to:

- Receive and review performance criteria, milestones, and a long range plan for the program prior to deliberations
- Request legislation to expand the authority of state game wardens to include recreational activities to allow current game wardens to enforce some of the issues arising on state trust lands
- Rebase the Enforcement Division's budget to replace general license funds with state trust funds to alleviate some of the issues related to enforcement funding
- Expand the package to increase the number of wardens dedicated to state trust land issues
- Disapprove this package and fund 2.00 FTE in DNRC to work with local law enforcement to address these issues
- Make no changes

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	101.43	2.50	0.00	103.93	2.50	0.00	103.93	103.93
Personal Services	5,169,939	631,435	0	5,801,374	656,135	0	5,826,074	11,627,448
Operating Expenses	2,677,895	949,035	1,050,000	4,676,930	956,560	1,050,000	4,684,455	9,361,385
Equipment	55,290	0	0	55,290	0	0	55,290	110,580
Grants	136,237	0	0	136,237	0	0	136,237	272,474
<b>Total Costs</b>	<b>\$8,039,361</b>	<b>\$1,580,470</b>	<b>\$1,050,000</b>	<b>\$10,669,831</b>	<b>\$1,612,695</b>	<b>\$1,050,000</b>	<b>\$10,702,056</b>	<b>\$21,371,887</b>
General Fund	0	0	250,000	250,000	0	250,000	250,000	500,000
State/Other Special	4,136,295	638,046	273,382	5,047,723	654,135	273,382	5,063,812	10,111,535
Federal Special	3,903,066	942,424	526,618	5,372,108	958,560	526,618	5,388,244	10,760,352
<b>Total Funds</b>	<b>\$8,039,361</b>	<b>\$1,580,470</b>	<b>\$1,050,000</b>	<b>\$10,669,831</b>	<b>\$1,612,695</b>	<b>\$1,050,000</b>	<b>\$10,702,056</b>	<b>\$21,371,887</b>

**Program Description**

The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana's renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, non-game wildlife, game birds, furbearers, and threatened and endangered species.

**Program Highlights**

<b>Wildlife Division</b>	
<b>Major Program Highlights</b>	
◆	The Wildlife Division is requesting \$0.5 million in general fund to provide match to the federal State Wildlife Grant program
◆	As requested, the number of FTE would grow by 2.5 FTE for conflict management, inventory activities and black bear research
<b>Major LFD Issues</b>	
◆	Additional inventory and survey monies may not be justified
◆	Automation of harvest survey may prove costly in terms of the return on investment

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Wildlife Division						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ -	-	\$ 250,000	2.3%	\$ 250,000	2.3%
01100 General Fund	-	-	250,000	2.3%	250,000	2.3%
02000 Total State Special Funds	4,136,295	51.5%	5,047,723	47.3%	5,063,812	47.3%
02061 Nongame Wildlife Account	43,485	0.5%	43,485	0.4%	43,485	0.4%
02085 Waterfowl Stamp Spec. Rev.	18,842	0.2%	52,942	0.5%	52,942	0.5%
02086 Mountain Sheep Account	46,695	0.6%	79,195	0.7%	79,195	0.7%
02112 Moose Auction	1,207	0.0%	15,207	0.1%	15,207	0.1%
02113 Upland Game Bird Habitat	57,597	0.7%	104,465	1.0%	104,574	1.0%
02176 Mountain Goat Auction	-	-	11,000	0.1%	11,000	0.1%
02409 General License	3,711,886	46.2%	4,435,046	41.6%	4,451,026	41.6%
02469 Habitat Trust Interest	256,433	3.2%	256,433	2.4%	256,433	2.4%
02559 Mule Deer Auction	150	0.0%	14,950	0.1%	14,950	0.1%
02560 Elk Auction	-	-	35,000	0.3%	35,000	0.3%
03000 Total Federal Special Funds	3,903,066	48.5%	5,372,108	50.3%	5,388,244	50.3%
03097 Fedl Fish(W/B) Wildlife(P/R)	3,712,870	46.2%	4,168,036	39.1%	4,183,945	39.1%
03403 Misc. Federal Funds	116,814	1.5%	604,072	5.7%	604,299	5.6%
03404 Overhead	73,382	0.9%	-	-	-	-
03408 State Wildlife Grants	-	-	600,000	5.6%	600,000	5.6%
Grand Total	<u>\$ 8,039,361</u>	<u>100.0%</u>	<u>\$ 10,669,831</u>	<u>100.0%</u>	<u>\$ 10,702,056</u>	<u>100.0%</u>

The Wildlife Division state special revenue consists primarily of hunting and fishing license revenue from the general license account. Earmarked fees support all of the Upland Game Bird Program and the Wildlife Habitat Program operations. Other specialized funding consists of Pittman-Robertson funds that require a 25 percent non-federal match that is typically met with funds from the general license account.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				574,397					599,738
Vacancy Savings				(229,774)					(230,780)
Inflation/Deflation				123,963					131,783
Fixed Costs				(2,847)					(2,847)
<b>Total Statewide Present Law Adjustments</b>				<b>\$465,739</b>					<b>\$497,894</b>
DP 501 - Survey & Inventory Funding									
1.00	0	150,000	150,000	300,000	1.00	0	150,000	150,000	300,000
DP 502 - R1 Wildlife Conflict Specialist									
1.00	0	51,852	0	51,852	1.00	0	51,922	0	51,922
DP 504 - Harvest Survey Automation									
0.00	0	20,000	60,000	80,000	0.00	0	20,000	60,000	80,000
DP 505 - Black Bear Research OTO									
0.50	0	8,620	25,859	34,479	0.50	0	8,620	25,859	34,479
DP 510 - Legislative Contract Authority OTO									
0.00	0	0	500,000	500,000	0.00	0	0	500,000	500,000
DP 511 - Deer, Elk, Moose, Goat, Sheep Auctions									
0.00	0	107,300	0	107,300	0.00	0	107,300	0	107,300
DP 513 - Migratory Bird Fund/Upland Game Bird									
0.00	0	41,100	0	41,100	0.00	0	41,100	0	41,100
<b>Total Other Present Law Adjustments</b>									
2.50	\$0	\$378,872	\$735,859	\$1,114,731	2.50	\$0	\$378,942	\$735,859	\$1,114,801
<b>Grand Total All Present Law Adjustments</b>				<b>\$1,580,470</b>					<b>\$1,612,695</b>

**LFD  
COMMENT**

Of the total biennial personal services adjustment, \$11,936 is for vacancies and \$11,488 is for non-legislative pay adjustments. The remainder is to annualize the pay plan approved by the 2005 Legislature, longevity adjustments, and increases to employer paid health insurance premiums.

DP 501 - Restore Survey & Inventory Money – The executive requests funding for operations and FTE to refine and increase the amount of survey and inventory work completed. The continued 1.00 FTE would provide pilot services to conduct aerial surveys.

**LFD  
ISSUE****Outcomes of Surveys**

State law directs the department to calculate game animal population and determine the appropriate number of elk, deer and antelope that can be viably sustained. Those calculations must be made available to the public. This proposal is requesting funding for the survey and inventory program to be included in the base budget and increase operations by \$200,000 over the biennium. The 2005 legislature approved \$500,000 over the biennium as a one-time only restricted appropriation for the same purpose.

The LFD has identified the following issues:

Reporting Requirements: The appropriation approved by the 2005 Legislature was conditioned with a reporting requirement. The legislature originally requested this information in order to determine if increased funding for air support positively impacted the wildlife survey process. That requirement was subsequently line item vetoed by the Governor but the veto was then challenged. The validity of the veto is still not resolved. Consequently, the Environmental Quality Council (EQC) did not review the outcomes of FY 2006 survey and inventory activities, and information necessary to determine whether to continue the program was not presented to any committee. In reviewing this proposal the legislature may wish to:

- Receive information regarding program outcomes of the FY 2006 expenditures

If the legislature wishes to fund the program, either:

- Condition the appropriation with reporting requirements
- Request a companion bill requiring program reporting requirements

FY 2006 Expenditures: The department expended \$128,000 of the \$250,000 appropriation in FY 2006. Expenditures by category are summarized in Figure 8. The FY 2008 request is 134 percent higher than the actual expenditures of FY 2006. The legislature may wish to:

- Obtain a plan from the department detailing how the increase funding will be used, beyond flying additional hours.
- Decrease the decision package to 2007 biennium levels

Species: Surveys and inventories are completed based upon protocol established by the department and approved by the federal government as part of Pittman-Robertson funding requirements. The protocol covers big game and upland game birds. The deliberations from the 2005 legislative session indicate that the FY 2006 and FY 2007 appropriations would be utilized for big game surveys to meet statutory requirements for game counts and habitat assessments, which does not address upland game birds.

Figure 8 Comparison of FY 2006 Expenditures to FY 2008 Request Enhanced Survey & Inventory			
	FY 2006	FY 2008	Percent Change
Personal Services	\$27,735	\$61,332	
Operating Expenses	100,343	238,668	
Total	<u>\$128,078</u>	<u>\$300,000</u>	134%

**LFD  
ISSUE  
CONT.**

A summary of survey and inventory expenditures by region and species is in Figure 9 below. This figure does not include statewide administrative expenditures. As per this data, 35 percent of funding was utilized for upland game birds. The legislature may wish to clarify the intent of this appropriation by restricting it big game.

Figure 9  
Enhanced Wildlife Surveys  
By Species, By Region

Region	Moose	Goat	Sheep	UG Bird	Mule Deer	Elk	Total
Region 1	\$6,389	\$4,000	\$5,200	\$20			\$15,609
Region 2	555						555
Region 3							0
Region 4	5,851			5,470	1,162	2,000	14,483
Region 5	8,219			7,149	2,960	726	19,054
Region 6				8,560	4,880	1,929	15,369
Region 7				9,152	1,000	1,472	11,624
Region 8				44			44
Statewide	10,000						10,000
Total	<u>\$31,014</u>	<u>\$4,000</u>	<u>\$5,200</u>	<u>\$30,395</u>	<u>\$10,002</u>	<u>\$6,127</u>	<u>\$86,738</u>
Percent of Total	36%	5%	6%	35%	12%	7%	

**Summary:** The legislature has a number of options available to assure that legislative intent is communicated and met regarding survey and inventory funding. The options are not mutually exclusive, and some could be combined. Total package options may include:

- Reduce the decision package to the FY 2006 level, condition the appropriation as restricted and one-time only, and require an interim report to the Environmental Quality Council (EQC)
- Make no changes to the decision package, but condition the appropriation to include a bi-annual performance management report to the EQC
- Restrict the appropriation to big game survey only

**DP 502 - R1 Wildlife Conflict Specialist** - The executive is requesting 1.00 FTE for a wildlife conflict specialist in Region 1. This position would focus on responding to nuisance black bears and mountain lions in the urban/wild land interface.

**LFD  
COMMENT**

The conflict calls are currently being handled by other regional staff. The executive requested but the legislature did not fund a similar budget item during the 2005 legislative session. That package was for \$73,287, which is \$30,487 less than the current request. The difference is attributable to a higher salary in the current decision package.

**DP 504 - Harvest Survey Automation** - The executive requests \$160,000 to enhance the harvest survey program. This program provides data to FWP biologists to be utilized to implement wildlife management strategies. An independent review was conducted in the fall of 2006 to provide the department with options.

**LFD  
ISSUE****Final Report Recommendations**

The final report from the independent review was not available at the time of the budget analysis. Preliminary recommendations included computer system changes, licensing changes, and increased staffing to adequately manage the survey process. The legislature may wish to review the final report before deliberations.



DP 505 - Black Bear Research OTO - The executive requests funding and 0.5 FTE to complete DNA survey techniques in satellite study areas in Regions 2 and 5 and to complete the final study report for this research project. The research results would be used to develop new management criteria using modern techniques to evaluate harvest rates in various DNA study areas across the state.

DP 510 - Legislative Contract Authority OTO - The executive is requesting \$0.5 million per fiscal year in short-term contract authority for projects using federal funding.

**LFD  
COMMENT**

Please see agency issues for a full description of Legislative Contract Authority.

DP 511 - Deer, Elk, Moose, Goat, Sheep Auctions - The executive is requesting increased authority to expend the increased revenues from the elk, goat, moose, mule deer and sheep auction receipts. Revenue from the auction of the licenses is dedicated to enhanced survey efforts.

DP 513 - Migratory Bird Fund/Upland Game Bird - The executive is requesting increased appropriation authority of \$82,200 for the wetland and upland game bird programs. The decision package is funded at 83 percent from the waterfowl stamp state special revenue and 17 percent from the upland game bird habitat fund.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: The upland game bird enhancement (UGBE) program allows biologists to work with landowners to improve and/or conserve key habitat components that are necessary to upland game birds, including native grouse species.

**Goals:**

- Increase projects over the next biennium with a balanced approach to native and exotic (i.e., pheasants, partridge, turkeys) game birds
- Improve bookkeeping, project tracking and monitoring and program delivery
- Target sagebrush leasing in the highest priority areas

**Performance Criteria:**

- Centralize project monitoring with contracted help by August 2007
- Establish promotional and information materials for landowners and prospective cooperators by October 2007
- Update program standards and guidelines to incorporate lessons learned and updated costs by October 2007
- Review project development processes and make improvements to streamline the process by October 2007
- Complete development of project database and enter past project information by January 2008
- Re-evaluate Montana's sagebrush grassland habitats to identify priority areas based on updated monitoring information by August 2007
- As federal matching funds become available, contact owners of priority habitats to solicit interest in sagebrush leasing. Ongoing
- Provide training to new biologists and refreshers for other field staff with incorporated changes. Ongoing

Milestones: FWP will be streamlining application and agreement paperwork to reduce the number of steps needed to establish projects. The target date for streamlining is August 2007. However, if administrative rules need adjusting prior to this, the rule-making process would be initiated by May 2007 with an adjusted target completion date of December 2007.

FTE: Portions of two FWP positions are funded with the administrative fund. They are the Program Coordinator (0.30

FTE) and an administrative support position (0.25 FTE).

Funding: The requested base adjustment is for the earmarked UGBEP administrative fund.

Obstacles:

- Workload - The most significant obstacle for the UGBEP is the workload of field biologists. FWP has relied more on contracted services for some aspects of program delivery and monitoring to help reduce this workload issue or provide new avenues for establishing projects.
- Changing Landscape – In many areas around Montana, high quality upland game bird habitats have drawn interest by recreational buyers (or recreational leases). Substantial opportunities remain for working with landowners through UGBEP, but this emerging trend is likely to continue and at the expense of public hunting opportunities.
- Cost Share and Contract Stipulations – The UGBEP requires a minimum of 25 percent cost shared by outside sources. Whereas this is usually not difficult to achieve, the program requirements (e.g., hunting access, minimum contract length, specific stipulations) in combination with a shared cost by landowners can make establishing projects more difficult.

Risk: Continued UGBEP funding will result in additional acres of enhanced habitats and additional properties open to public upland game bird hunting. If the program were eliminated, there would no longer be any upland game bird contracts with landowners and substantial opportunities for enhancing upland game bird populations and providing access for bird hunters would also be eliminated.

**LFD  
ISSUE**

Legislative Intent

During the interim, a number of legislative and public requests were made to the Legislative Fiscal Division regarding the operation of the UGBE program. The following summarizes the issues raised in those responses.

Background

The upland game bird enhancement (UGBE) program was established in 1987 through legislation that increased game bird license fees to fund a pheasant release program. The program provided a cost share on a per bird released basis and the landowner participant had to provide for public hunting. The program was expanded in 1989 through legislation that extended the program to all game bird species, which is defined today in statute (87-2-101 (15), MCA) as the following: sharp tailed grouse, blue grouse, spruce (Franklin) grouse, prairie chicken, sage hen or sage grouse, ruffed grouse, ring-necked pheasant, Hungarian partridge, ptarmigan, wild turkey, and chukar partridge. The 1989 Legislature also included reporting requirements and the requirement that unspent UGBE funds be reverted to the Habitat Montana Program. The reversion requirement was eliminated in 2001 Legislation. Changes in the 2001 session also included revised funding, expenditure requirements for releases, and clarification of program requirements. The statutes have not been changed since the 2001 session.

The UGBE program has provided landowner assistance with habitat through 800 contracts covering over 240,000 acres of land. The release portion of the program has approximately 120 annual contracts and releases 15,000 pheasant. These activities have provided for an estimated 11,000 hunter days. The issue for the legislature is whether or not these statistics represent a successful program. This can be related to funding, priorities and outcomes.

**LFD  
ISSUE**Funding

The UGBE program is funded with earmarked portions of the resident and non resident upland game bird and big game combination licenses. The revenue is deposited in two funds, the habitat fund and the release fund. Figure 10 demonstrates the outcomes to funding restrictions in statute. Part one addresses annual revenues to both funds demonstrating the percentage set aside for releases at slightly higher than 15 percent. The second part addresses the percentage of revenue in the release fund that is spent on an annual basis. Statute requires 25 percent of this fund to be spent annually, which the department has exceeded. The third part addresses the restrictions on administrative costs. As shown the department expends six to 11 percent annually on administrative costs.

This figure demonstrates that the department has met the statutory requirements placed on revenues and expenditures. It does not provide any indication of what the department accomplished.

The legislature could accomplish this same control with one fund, appropriated through HB 2. The release fund has been historically appropriated through HB 5 (long range building). However this is not necessary. The legislature could choose to appropriate funding for the program from one fund and utilize language to restrict the spending, if desired.

Priorities

The program started as a pheasant release program, then expanded to all species. The decision of which species to release or manage is left solely to the discretion of the department. For example, in FY 2006 the emphasis for habitat was placed on the sage grouse and the payment to landowners to retain sage brush on their properties. The issue for the legislature is how the program should be implemented, as a habitat program with funding for land improvements and food plots as a release program, or both. Should the legislature wish to prioritize activities of this program, it could be done through HB 2 language or a companion bill.

Objectives and Outcomes

Statute provides direction to the department to implement this program by providing specific guidelines for the implementation of rules. This provides the framework of the program, but does not establish the goal of the program or the corresponding objectives to measure the success of the program. The outcomes of the program are provided in a report to the legislature regarding the program each legislative session. The report provides general statistics representing program activities over the biennium such as how much was spent, how many pheasants were released, and what types of enhancement projects were complete. The report does not tie the activities back to any goals. Therefore the information the legislature is receiving is just that statistics. In order to measure success the statistics have to relate to an objective measuring a goal. Does the legislature want to provide overall general direction by establishing intent to preserve and/or improve a number of acres of habitat land? Or does the legislature see the need to re-establish the goals of the program?

Figure 10  
Upland Game Bird Revenues  
Part One: Revenues

	2003	2004	2005	2006
Habitat License Revenue	\$539,733	\$585,580	\$574,066	\$576,589
Release License Revenue	96,609	104,496	101,850	102,410
	<u>\$638,345</u>	<u>\$690,076</u>	<u>\$675,916</u>	<u>\$678,999</u>
% of Release Revenue	15%	15%	15%	15%

Part Two: Release Expenditures

	2003	2004	2005	2006
Release License Revenue	\$96,609	\$104,496	\$101,850	\$102,410
Release - Expenditures	97,364	99,836	94,838	114,232
% of Revenue Expended	100.8%	95.5%	93.1%	111.5%

Part 3: Administrative Calculation

	2003	2004	2005	2006
Overhead Transfer	\$27,469	\$28,395	\$18,976	\$45,603
Administration	<u>39,038</u>	<u>32,312</u>	<u>21,365</u>	<u>29,489</u>
	<u>\$66,507</u>	<u>\$60,707</u>	<u>\$40,341</u>	<u>\$75,092</u>
Percentage of Revenue	10%	9%	6%	11%

**LFD  
ISSUE  
CONT.**

In summary, the legislature has before them many options to consider in deliberating the base operating adjustment to the UGBE program. While the adjustment is small, the overall investment in the program should be considered as part of the deliberations. The legislature may wish to consider the following, most of which require legislation:

- Establish legislative intent for the program in statute
- Establish goals and subsequent objectives for the program if those provided by the department do not accurately reflect the intentions of the legislature.
- Establish program priorities based on species and functions in a companion bill to HB 2
- Remove funding restrictions in the program, consolidate funding to one state special revenue fund, and provide all appropriations through HB 2.
- Increase reporting requirements to include relating program statistics to long term program goals and measurable short term objectives

**New Proposals**

New Proposals										
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 507 - State Wildlife Grants (SWG)										
05	0.00	250,000	200,000	600,000	1,050,000	0.00	250,000	200,000	600,000	1,050,000
DP 514 - Wildlife Overhead Refund										
05	0.00	0	73,382	(73,382)	0	0.00	0	73,382	(73,382)	0
Total	0.00	\$250,000	\$273,382	\$526,618	\$1,050,000	0.00	\$250,000	\$273,382	\$526,618	\$1,050,000

**DP 507 - State Wildlife Grants (SWG)** - The executive requests appropriation authority to continue FWP participation in the state wildlife grant program. The program provides funds to FWP to conserve native fish and wildlife species as well as reduce the potential for federal listing of species. This decision package requests authority to spend \$1.2 million in federal funds, \$500,000 in general fund and \$400,000 in general license funds during the next biennium.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal*

**Justification:** The state wildlife grant program implements Montana's Comprehensive Fish and Wildlife Conservation Strategy (CFWCS) address the conservation needs of those species that FWP has not typically had funding to manage.

**Goal:** To continue implementation of the Montana Comprehensive Fish and Wildlife Conservation Strategy in order to actively protect and restore species and habitats in need of conservation.

**Performance Criteria:**

- Limit the need to list additional species under the endangered species act (ESA) because we have better biological data allowing us to actively protect and restore species and habitats in need of conservation.
- We will successfully restore and/or protect aquatic habitats identified in the plan as in need of conservation.
- Collect basic biological data about lesser known species of concern to determine their distribution, status, and habitat needs so we can undertake activities that would preclude the need to list additional species under the ESA.

**Milestones:**

- November 2006– Request that FWP staff and partners identify and submit proposed ideas for projects to the technical committee
- January 2007– May 2007 - Principle staff incorporates projects into bundles, balance target allocations and seeks approval from steering committee for projects

- June 2007 – Submission of federal aid documentation
- Post June 2007 – Project implementation
- August 2007 – Begin process again with request for proposals

FTE: A combination of existing staff, contracts and modified FTE will complete the work.

Funding: Fifty percent of funding will be provided from federal funding through the State Wildlife Grant Program and the required match will be 17 percent general license revenues, 21 percent general fund, and 12 percent private sources.

Obstacles: The CFWCS evaluated the needs of over 600 vertebrate species in multiple habitat types across the state. The list of actions needed to conserve all these species and habitat is extensive.

Risks: The CFWCS identifies the species in greatest conservation need along with their related habitats and communities. By not implementing this plan, it is possible that more species will become threatened and endangered in the future.

**LFD  
ISSUE****Management of State Wildlife Grants**

There are three issues associated with this request.

- Outcomes of SWG projects from the last biennium
- Development of performance criteria
- Appropriation of general fund

Outcomes from the 2007 Biennium

The department has 15 projects currently in progress. This request is for additional projects to implement the conservation plan. The outcomes of the 2007 biennium could demonstrate the successes and challenges in this program. The legislature may wish to examine the progress towards program objectives based on current projects.

Development of performance criteria

As provided the performance measures are not specific, quantifiable or time bound as required by state law, thus limiting the ability of the legislature to formulate appropriations policy. Without such information, the legislature is unable to establish their intent for this program. At this writing the department was developing a comprehensive conservation action plan to implement the CFCWS. This action plan should be the guiding document for the State Wildlife Grant Program within the department and be used to rewrite the performance criteria.

General Fund

There is an issue of whether the general fund should be utilized for the purpose of species and habitat conservation when potential other sources of revenue exist. Other sources could include the general license account, financial participation from conservation partners or habitat funding already managed by the department. This request, if approved, would establish base budget general fund authority for the Wildlife Division.

**LFD  
ISSUE  
CONT.**

In summary, the legislature may wish to consider the following when deliberating on the appropriation for the state wildlife grant program:

- Examine the outcomes of SWG projects from the 2007 biennium
- Examine the CFWCS implementation plan to:
  - Strengthen program performance objectives to allow for formulation of appropriations policy and future measurement of success
  - Determine whether there is a general benefit to the state that would support using general fund for this appropriation request
    - Replace general fund with general license, or private donations

DP 514 - Wildlife Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department's most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the general license account.

**LFD  
COMMENT**

Please see agency issues for a full description.

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	101.08	6.25	0.00	107.33	6.25	0.00	107.33	107.33
Personal Services	3,958,323	568,992	0	4,527,315	587,549	0	4,545,872	9,073,187
Operating Expenses	2,482,606	261,742	0	2,744,348	268,167	0	2,750,773	5,495,121
Equipment	269,224	6,500	0	275,724	6,500	0	275,724	551,448
Grants	470,024	0	0	470,024	0	0	470,024	940,048
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$7,180,177</b>	<b>\$837,234</b>	<b>\$0</b>	<b>\$8,017,411</b>	<b>\$862,216</b>	<b>\$0</b>	<b>\$8,042,393</b>	<b>\$16,059,804</b>
State/Other Special	6,848,900	777,234	117,317	7,743,451	802,216	117,317	7,768,433	15,511,884
Federal Special	331,277	60,000	(117,317)	273,960	60,000	(117,317)	273,960	547,920
<b>Total Funds</b>	<b>\$7,180,177</b>	<b>\$837,234</b>	<b>\$0</b>	<b>\$8,017,411</b>	<b>\$862,216</b>	<b>\$0</b>	<b>\$8,042,393</b>	<b>\$16,059,804</b>

**Program Description**

The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 50 parks, 13 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 320 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants and local government recreation grants.

**Program Highlights**

Parks Division	
Major Program Highlights	
♦	The majority of the budget requests are for parks maintenance and operations.
♦	The budget includes funding for an additional 6.25 FTE <ul style="list-style-type: none"> <li>• 1.5 FTE for cultural and historic resources</li> <li>• 4.75 FTE for operations and maintenance positions</li> </ul>
Major LFD Issues	
♦	Operations and maintenance costs on parks and fishing access sites will continue to rise with utilization and new acquisitions

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table							
Parks Division							
Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000	Total State Special Funds	\$ 6,848,900	95.4%	\$ 7,743,451	96.6%	\$ 7,768,433	96.6%
	02213 Off Highway Vehicle Gas Tax	41,772	0.6%	41,772	0.5%	41,772	0.5%
	02239 Off Hwy Vehicle Acct (Parks)	28,555	0.4%	28,555	0.4%	28,555	0.4%
	02331 Motorboat Certification-Parks	19,559	0.3%	19,559	0.2%	19,559	0.2%
	02332 Snowmobile Registration-Parks	95,151	1.3%	174,979	2.2%	174,979	2.2%
	02333 Fishing Access Site Maint	166,341	2.3%	222,888	2.8%	223,012	2.8%
	02407 Snowmobile Fuel Tax	706,988	9.8%	633,500	7.9%	633,500	7.9%
	02408 Coal Tax Trust Account	725,186	10.1%	1,036,202	12.9%	1,036,651	12.9%
	02409 General License	983,499	13.7%	983,499	12.3%	983,499	12.2%
	02411 State Parks Miscellaneous	2,971,227	41.4%	3,349,875	41.8%	3,374,284	42.0%
	02412 Motorboat Fuel Tax	920,549	12.8%	1,020,549	12.7%	1,020,549	12.7%
	02558 Fas - Vehicle Registration	190,073	2.6%	232,073	2.9%	232,073	2.9%
03000	Total Federal Special Funds	331,277	4.6%	273,960	3.4%	273,960	3.4%
	03097 Fedl Fish(W/B) Wildlife(P/R)	213,960	3.0%	213,960	2.7%	213,960	2.7%
	03403 Misc. Federal Funds	-	-	60,000	0.7%	60,000	0.7%
	03404 Overhead	117,317	1.6%	-	-	-	-
Grand	Total	<u>\$ 7,180,177</u>	<u>100.0%</u>	<u>\$ 8,017,411</u>	<u>100.0%</u>	<u>\$ 8,042,393</u>	<u>100.0%</u>

The largest revenue source is the \$4.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, the general license account, snowmobile fuel taxes, fishing access maintenance and acquisition fee revenues, snowmobile registration fees, and off-highway vehicle registration fees.

The registration fee is allocated as follows:

- o \$3.50 for park operations and maintenance
- o \$0.25 for fishing access site maintenance
- o \$0.25 for support of Virginia City and Nevada City (these funds are transferred to the Heritage Commission)

The fee provides approximately \$2.9 million per year for the state parks system, \$250,000 for fishing access sites, and \$250,000 for the Virginia and Nevada City. The revenue source is stable at this time.

The division receives the following allocations of the gasoline dealer's license taxes:

- o Nine-tenths of one percent for maintenance of parks with motorboat use
- o One-eighth of one percent for off-highway vehicle safety, repair of off-highway vehicle damage, and facility development
- o Fifteen-twenty-eighths of one percent for snowmobile safety, facility development, enforcement and control of noxious weeds.

Of the coal severance tax revenues, 1.27 percent is deposited into a non-expendable trust, with the interest from the trust allocated for maintenance at state parks and historic sites.

The general license account and earmarked fishing fees are used to maintain fishing access sites.

Federal funding sources include Wallop-Breaux, National Recreational Trails, the Land and Water Conservation fund, and miscellaneous federal revenues. These federal funding sources require a match of 20 to 50 percent.

The department receives 6.5 percent of the accommodation tax collections for the maintenance of state parks. However, since the money is appropriated through statute, it is not included in HB 2.



**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
Fiscal 2008					Fiscal 2009					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				476,679					495,739	
Vacancy Savings				(177,400)					(178,162)	
Inflation/Deflation				96,869					103,363	
Fixed Costs				(1,722)					(1,722)	
<b>Total Statewide Present Law Adjustments</b>				<b>\$394,426</b>					<b>\$419,218</b>	
DP 603 - Land & Water Conservation Fund										
0.00	0	68,508	0	68,508	0.00	0	68,508	0	68,508	
DP 604 - Snowmobile Equipment BIEN										
0.00	0	6,500	0	6,500	0.00	0	6,500	0	6,500	
DP 605 - Community Service										
0.00	0	37,819	0	37,819	0.00	0	37,819	0	37,819	
DP 606 - FAS Maintenance & Operations										
3.00	0	98,547	0	98,547	3.00	0	98,671	0	98,671	
DP 607 - Parks Operations & Maintenance										
1.75	0	95,820	0	95,820	1.75	0	95,886	0	95,886	
DP 608 - Cultural & Historic Resource Staff										
1.50	0	75,614	0	75,614	1.50	0	75,614	0	75,614	
DP 611 - Parks Legislative Contract Authority OTO										
0.00	0	0	60,000	60,000	0.00	0	0	60,000	60,000	
<b>Total Other Present Law Adjustments</b>										
6.25	\$0	\$382,808	\$60,000	\$442,808	6.25	\$0	\$382,998	\$60,000	\$442,998	
<b>Grand Total All Present Law Adjustments</b>				<b>\$837,234</b>					<b>\$862,216</b>	

**LFD COMMENT**

A major component driving the biennial personal services adjustment includes about \$167,000 for non-legislative pay adjustments. The remainder is to annualize the pay plan approved by the 2005 Legislature, longevity adjustments and increases to employer paid health insurance premiums. The non-legislative pay increases were market adjustments directed toward park managers and maintenance staff.

DP 603 - Land & Water Conservation Fund – The executive is requesting a base adjustment of state special authority to administer the Land and Water Community Grants Program. The land and water conservation fund passes federal monies to local communities through the Parks Division budget to build ball fields, parks, playgrounds and trails. Program administration includes processing grant applications guidance, grant tracking, record keeping, completed project review, and site inspections.

DP 604 - Snowmobile Equipment BIEN - The executive requests \$6,500 each year of the biennium to increase the base authority to \$370,000 in order to purchase snowmobile trail grooming equipment. Groomers are scheduled for replacement at West Yellowstone, Anaconda, Eureka, and Seeley Lake. These groomers are operated by local snowmobile clubs to maintain winter recreation access to public lands.

DP 605 - Community Service - The division created 1.22 modified FTE in FY 2006 to provide supervision to the Montana Conservation Corps, volunteer groups, and Aspen Youth Alternative crews. Volunteer and youth groups are used to complete special projects in place of regular maintenance crews and park staff. These park projects involve cave cleaning at Lewis and Clark Caverns, park cleanup day at Bannack, trail maintenance at Makoshika, and other projects. The executive is requesting the restoration of authority as the expenditures were for modified level FTEs, and were not reflected in the division’s base budget.

**LFD  
ISSUE**

## Personal Services

The department routinely asks for and receives this adjustment. The legislature may wish to consider providing 1.22 FTE for inclusion in the base budget with this funding. As written, the department is provided authority for operations costs which are later moved to personal services to provide funding for the FTE.

**DP 606 - FAS Maintenance & Operations** - The executive requests funding for 3.00 FTE to maintain and manage fishing access sites (FAS) statewide. The additional support is requested to provide repair and maintenance, site clean-up, litter pickup, vandalism repair, toilet pumping, weed and dust control, road repair, and hazard tree removal.

**LFD  
ISSUE**

## Fund Adequacy

This proposal is funded with revenue from the \$0.25 vehicle registration fee (fund 02558) and earmarks from the general fishing license account (fund 02333) both for the purpose of FAS maintenance and operations. Each fund has a management issue discussed below.

The FAS vehicle registration fund (02558) is not structurally balanced. The requested annual appropriation authority exceeds the annual projected revenues by approximately \$50,000 per year. By the end of FY 2009, the fund balance is reduced to \$125,000.

Figure 11

## FAS - Operations &amp; Maintenance Fund (02333)

## Projected Fund Balance

	FY 2007	FY 2008	FY 2009
Beginning Balance	\$174,392	\$146,751	(\$122,140)
Revenues	227,135	\$223,997	\$221,776
Expenditures	(254,776)	(492,888)	(223,012)
Ending Balance	<u>\$146,751</u>	<u>(\$122,140)</u>	<u>(\$123,376)</u>

Requested appropriations from the FAS operations & maintenance (O&M) fund (02333) exceed the estimated projected revenues and eliminate the fund balance. Figure 11 FAS O&M demonstrates the reduction to the fund balance, including capital appropriation authority. While the capital authority may be expended beyond the next biennium, it does obligate the fund balance. By the end of FY 2009 the projected fund balance is a negative \$123,376.

Figure 12 provides the detail of the new FTE and operations dollars provided to the division for the last five biennia. The large adjustment for the 2007 biennium was to adjust the base expenditures to meet the increased revenues associated with the light vehicle registration fee. The department has an additional 12 sites under development which could become active within in the next biennium. Each new site will come with a need for operations and maintenance funding. Since the two earmarked funds are not a viable source of continuing revenues, additional general license fees will need to be utilized to operate fishing access sites.

Figure 12

Legislative Increases for  
Operations & Maintenance

## FAS

Biennium	FTE	Funding	Sites
2009	3.00	\$197,000	320
2007	3.00	472,000	320
2005	(0.92)	10,800	320
2003	2.00	93,000	312
2001	<u>1.20</u>	<u>151,000</u>	312
Total	<u>8.28</u>	<u>\$923,800</u>	

The legislature may wish to consider the following options to address structural balance:

- Reduce the decision package to match available annual revenue to achieve structural balance
- Work with the Long Range Building committee to reduce the capital appropriation request from the FAS O&M fund to achieve structural balance
- Switch the funding request to the general license account from FAS O&M fund (02333) to provide time for the fund balance to grow

Options to address the increasing need for operations and maintenance funding include:

- Request legislation to increase the \$4.00 fee to \$4.25 to double the annual revenue to \$500,000 per year for FAS operations and maintenance,
- Request legislation to increase the earmark for FAS operations and maintenance from the resident or non-resident fishing license
- Request legislation to establish a statutory number of fishing access to be managed and maintained by the department
- Request legislation to require the inclusion of future development, operation and management costs as requests to develop additional fishing access sites are considered by the FWP Commission and the State Land Board.
- Make no changes

DP 607 - Parks Operations & Maintenance - The executive is requesting 1.75 FTE and operations funding to address operations and maintenance issues in state parks. The additional staff would be used to hire entry level park field staff for the Tongue River Reservoir (0.65FTE), Makoshika (0.30 FTE), Smith River Corridor (0.35 FTE) and parks in southwest Montana (0.45 FTE). The request also includes \$28,000 of operational costs.

**LFD COMMENT** Figure 13 provides the detail of the new FTE and operations dollars provided to the division for the last five biennia. The large adjustment for the 2007 biennium was to adjust the base expenditures to meet the increased revenues associated with the light vehicle registration fee. That revenue source provided \$2.8 million in FY 2006 of the \$4.3 million in revenue to the state parks fund.

The state parks fund is stable. However, given the Governor's initiative to expand the state park system, operations and maintenance costs will rise accordingly. Please see agency issues for the general discussion on parks management and the potential legislative options.

Figure 13 Legislative Increases for Operations & Maintenance State Parks			
Biennium	FTE	Funding	Sites
2009	1.75	\$190,000	50
2007	2.50	1,800,000	42
2005	0.00	0	41
2003	2.79	165,000	41
2001	0.75	39,000	41
Total	<u>7.79</u>	<u>\$2,194,000</u>	

DP 608 - Cultural & Historic Resource Staff - The executive requests 1.50 FTE to improve management and operations of heritage resources and cultural parks. 1.0 FTE would be used to hire a full time heritage coordinator to help with issues of collection management, curation, archaeological sensitivity, and providing direct support to park field staff. Additionally, a full time summer park ranger (0.50 FTE) would be hired for Rosebud Battlefield State Park to provide more maintenance and protection of this historic site. An additional \$5,000 is for operations support to cover daily expenses associated with these two positions.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: To properly manage resources significant to Montana's heritage, expertise in management of historic property is needed.

Goals:

- The heritage resource coordinator will provide support to field level staff managing and caring for archaeological, paleontological, historic and cultural sites in the division.
- The full time summer (May 1 through September 30) ranger will provide staff at Rosebud Battlefield State Park will maintain facilities, assist visitors, protect resources, work with adjacent landowners and implement the management plan.

Performance Criteria: Specific performance criteria have yet to be established for these two positions; however, anticipated performance criteria may include:

## Heritage Resource Coordinator:

- Within 3 months of hire date, the heritage resource coordinator will have visited each heritage park and be aware of the significant resources and issues at each respective site.
- Within 4 months of hire, a prioritized list of heritage resource issues will be established by park management along with estimated costs and tools needed to resolve those including items such as planning documents, policies, stabilization, curation, and training needs.
- If not already existent, within 3 months of hire a professional rapport and working relationship will be established with the Montana Historical Society staff and the Heritage Commission staff working in similar capacities.

## Rosebud Battlefield Park Ranger

- Within first year of hire, successfully complete ex-officio training.
- Within 3 months of hire, meet and talk with each of the adjacent landowners to the park and understand their concerns.
- Have no workplace related accidents and receive zero complaints about unclean facilities during the summer season.
- Provide interpretive talks to at least 25 groups over the summer season.
- Complete weed mapping for the entire park in the first summer season.
- Understand where and what cultural resources exist at the park within the first season.
- Help implement the management plan as an ongoing task.

Milestones: The seasonal ranger could be recruited and filled by July 15. The heritage resource coordinator position will take longer to recruit and hire. Tentative milestones for this position might include:

April 2007	Allocate new FTE for FY'08.
May 2007	Complete position descriptions for new positions and have them classified by Human Resources.
August 1 2007	Position recruitment & selection closes.
September 2007	Proposed start date.
March 2008	Probationary performance review, monitoring of performance criteria.

FTE: The seasonal ranger would directly perform work under supervision of the park manager at Tongue River Reservoir.

The heritage resource coordinator position would be a lead worker who will perform tasks such as policy development and guidance provision. Related work will also be directly completed by field staff, consultants, and contractors including work such as artifact protection, building stabilization, and plan preparation.

Funding: The funding for these positions comes from parks earned revenue, a state special revenue source. This is the correct funding source as it comes from vehicle registration fees for the operation and management of state parks.

Obstacles: There are challenges to each position type being hired as follows:

The heritage resource coordinator may face challenges as they will be initiating a new program focus. This may take longer to achieve than currently estimated. It may also be difficult to recruit someone with the expertise needed.

Hiring entry-level ranger staff for Rosebud battlefield, like many of the division's remote workstations, is difficult. The work requires knowledge of many different areas including maintenance and custodial duties, equipment operation, interpretation, fee collection, regulation compliance, and other tasks. Salary is relatively low in comparison to wages in this area and hours are long. We may address this obstacle by offering a pay exception or by combining this FTE with other FTE in the division to extend the period of work. Seasonal bunkhouse facilities can also be provided to make the job more attractive.

Risks: If this request is not approved, the division will continue to operate in the existing manner with no recognized professional staff and less stewardship to the significant historic resources it manages. Currently, the division could easily be criticized for not caring for Montana's heritage adequately.

**LFD  
COMMENT**

The department has provided clear intent for the implementation of this decision package. The legislature may wish to strengthen the package by:

- Including performance criteria related to long term program development, such as:
- Development of policies and procedures to protect cultural and historic resources
- Provision of a specific amount of training to department staff regarding management of historic resources

DP 611 - Parks Legislative Contract Authority OTO - The executive is requesting \$60,000 per fiscal year in short-term contract authority for projects using federal funding.

**LFD  
ISSUE**

Given the low amount of authority requested, the legislature may wish to disapprove this package, which would require the department to use the budget amendment process. Please see agency issues for a full description of Legislative Contract Authority.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 610 - Parks Overhead Refund										
06	0.00	0	117,317	(117,317)	0	0.00	0	117,317	(117,317)	0
Total	0.00	\$0	\$117,317	(\$117,317)	\$0	0.00	\$0	\$117,317	(\$117,317)	\$0

DP 610 - Parks Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department's most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the coal tax fund.

**LFD  
COMMENT**

Please see agency issues for a full description.

**Proprietary Rates****Proprietary Program Description****Enterprise Fund**

23-1-105 (5), MCA, authorizes the Parks Division of Montana Fish, Wildlife and Parks to establish an Enterprise Fund (fund 06068) for the purpose of managing state park visitor services revenue.

The fund is used by the department to provide inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at department sites and facilities.

The fund was established primarily to better manage parks visitor centers that sell goods at parks such as Ulm Pishkum, Makoshika and Chief Plenty Coups as well as parks that sell items like firewood. Monies generated go back into the

purchase of inventory and the improvement of visitor services in state parks.

In FY 2006 this fund accounted for the following monies: \$98,473 of earned revenue, \$52,755 of expenditures, and a fund balance in the amount of \$193,647.

2009 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
6068	MFWP Visitor Services	5201	Fish Wildlife & Parks	Parks Division		
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY04	FY05	FY06	FY07	FY08	FY09
<b>Operating Revenues:</b>						
Fee revenue						
Goods For Resale	74,858	100,299	94,704	80,000	95,000	95,000
Net Fee Revenue	74,858	100,299	94,704	80,000	95,000	95,000
Investment Earnings	360	1,517	3,704	-	-	-
Securities Lending Income	-	-	65	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Total Operating Revenue	75,218	101,816	98,473	80,000	95,000	95,000
<b>Operating Expenses:</b>						
Personal Services	-	-	-	-	-	-
Other Operating Expenses	(7,076)	62,104	52,755	80,222	94,591	94,636
Total Operating Expenses	(7,076)	62,104	52,755	80,222	94,591	94,636
Operating Income (Loss)	82,294	39,712	45,718	(222)	409	364
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	82,294	39,712	45,718	(222)	409	364
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	82,294	39,712	45,718	(222)	409	364
Total Net Assets- July 1 - As Restated	25,743	108,037	147,749	193,467	193,245	193,654
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	25,743	108,037	147,749	193,467	193,245	193,654
Net Assets- June 30	108,037	147,749	193,467	193,245	193,654	194,018
60 days of expenses						
(Total Operating Expenses divided by 6)	(1,179)	10,351	8,793	13,370	15,765	15,773
<b>Requested Rates for Enterprise Funds</b>						
<b>Fee/Rate Information</b>						
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FYE 04	FYE 05	FYE 06	FY 07	FY 08	FY 09
Fee Group A	-	-	-	-	-	-
Goods for resale	-	-	-	-	-	-
Revenues are generated by the sales of merchandise at park visitor centers and regional offices. The expenses associated with the enterprise fund include office supplies, merchandising materials and the purchase of inventory to replenish stock. The Enterprise fund applies a markup rate of no less than 40% on goods purchased for resale to ensure sufficient revenues to replenish stock.						

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	28.55	0.00	0.00	28.55	0.00	0.00	28.55	28.55
Personal Services	1,502,995	134,003	0	1,636,998	139,748	0	1,642,743	3,279,741
Operating Expenses	1,407,958	68,832	0	1,476,790	123,871	0	1,531,829	3,008,619
Equipment	5,000	0	0	5,000	0	0	5,000	10,000
Grants	135,688	(12,570)	0	123,118	(12,570)	0	123,118	246,236
<b>Total Costs</b>	<b>\$3,051,641</b>	<b>\$190,265</b>	<b>\$0</b>	<b>\$3,241,906</b>	<b>\$251,049</b>	<b>\$0</b>	<b>\$3,302,690</b>	<b>\$6,544,596</b>
State/Other Special	2,197,805	190,265	134,406	2,522,476	251,049	134,406	2,583,260	5,105,736
Federal Special	853,836	0	(134,406)	719,430	0	(134,406)	719,430	1,438,860
<b>Total Funds</b>	<b>\$3,051,641</b>	<b>\$190,265</b>	<b>\$0</b>	<b>\$3,241,906</b>	<b>\$251,049</b>	<b>\$0</b>	<b>\$3,302,690</b>	<b>\$6,544,596</b>

**Program Description**

The Communication and Education Division coordinates the department's information and education programs as well as the department's planning efforts. This coordination includes the distribution of public information through news releases; audio-visual materials; brochures and public services announcements; production of hunting, fishing and trapping regulations; and the coordination of hunter, bow-hunter, snowmobile, boat, off-highway vehicle, and youth education and safety programs. The management of the Wildlife Center is included in this division. The division also facilitates the department's strategic planning process.

**Program Highlights**

Communication & Education Division	
Major Program Highlights	
◆	The division is seeking base adjustments for operation of the education component of the Wildlife Center
◆	Additional increases are for off-highway vehicle training
◆	The remaining increase is due to statewide adjustments
Major LFD Issues	
◆	The appropriation for the Wildlife Center may not be needed as adequate funds to build the center have not been raised

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Communication And Educat						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 2,197,805	72.0%	\$ 2,522,476	77.8%	\$ 2,583,260	78.2%
02238 Off-Hwy Vehicle Acct (Coned)	-	-	5,000	0.2%	5,000	0.2%
02328 Ohv Gas Tax - Con Ed	12,076	0.4%	12,076	0.4%	12,076	0.4%
02330 Snowmobile Fuel Tax-Con Ed	60,468	2.0%	60,468	1.9%	60,468	1.8%
02408 Coal Tax Trust Account	69,403	2.3%	69,403	2.1%	69,403	2.1%
02409 General License	2,055,858	67.4%	2,375,529	73.3%	2,436,313	73.8%
03000 Total Federal Special Funds	853,836	28.0%	719,430	22.2%	719,430	21.8%
03097 Fedl Fish(W/B) Wildlife(P/R)	686,768	22.5%	686,768	21.2%	686,768	20.8%
03403 Misc. Federal Funds	32,662	1.1%	32,662	1.0%	32,662	1.0%
03404 Overhead	134,406	4.4%	-	-	-	-
Grand Total	<u>\$3,051,641</u>	<u>100.0%</u>	<u>\$3,241,906</u>	<u>100.0%</u>	<u>\$3,302,690</u>	<u>100.0%</u>

The largest funding source in the Communication and Education Division is the general license account. Other state special revenue sources are interest from the coal tax trust account, and snowmobile and off-highway fuel taxes. Fuel taxes are dedicated revenue sources for snowmobile and off highway vehicle education programs. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, and require a 25 percent match in non-federal funds.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				202,212					208,193
Vacancy Savings				(68,209)					(68,445)
Inflation/Deflation				35,456					38,967
Fixed Costs				(884)					(884)
<b>Total Statewide Present Law Adjustments</b>				<b>\$168,575</b>					<b>\$177,831</b>
DP 802 - Shooting Range Grants Biennial									
0.00	0	(9,074)	0	(9,074)	0.00	0	(9,074)	0	(9,074)
DP 803 - The Wildlife Education Center RST									
0.00	0	25,764	0	25,764	0.00	0	77,292	0	77,292
DP 804 - Off Highway Vehicle Education									
0.00	0	5,000	0	5,000	0.00	0	5,000	0	5,000
<b>Total Other Present Law Adjustments</b>									
<b>0.00</b>	<b>\$0</b>	<b>\$21,690</b>	<b>\$0</b>	<b>\$21,690</b>	<b>0.00</b>	<b>\$0</b>	<b>\$73,218</b>	<b>\$0</b>	<b>\$73,218</b>
<b>Grand Total All Present Law Adjustments</b>				<b>\$190,265</b>					<b>\$251,049</b>

**LFD COMMENT** All but about \$22,000 of the biennial net personal services adjustment of \$273,571 is to annualize the pay plan approved by the 2005 Legislature, and provide longevity adjustments and increases to employer paid health insurance premiums. The remainder is for non-legislative pay increases for market adjustments.

DP 802 - Shooting Range Grants Biennial - FWP has administered a shooting range grants program for the last 18 years. Biennial funding authority has varied between \$120,000 and \$320,000. The executive requests to continue the above program at \$166,236 for the biennium, which requires a reduction to base authority. This is a biennial appropriation request.



DP 803 - The Wildlife Education Center RST - The executive is requesting a base adjustment to the education component of the Montana Wildlife Center located at Spring Meadow Lake State Park, Helena. Work will include staffing and daily operations of an education center located in the historic Stedman Foundry complex. FWP and private foundation partners are presently raising funds to build the center.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity*

**Justification:** The center will serve as a destination site for school groups to learn about our wildlife heritage, a place where educators can enhance their knowledge about natural systems and conservation issues, and a place for families to fish and recreate as Spring Meadow Lake state park currently attracts 80,000 visitors annually.

**Goals:** The goal is to offer the public opportunities to learn about wildlife and the natural world in a community facility specifically designed for conservation education.

**Performance Criteria:**

- Enhance the knowledge and understanding of teachers, students, families, and community groups by providing a wide spectrum of scientific based learning opportunities and information about Montana's wildlife heritage.
- Educate the public about how to "live with wildlife" and understand the need for management and stewardship of our wildlife resources
  - Document the number of users through visitor counts/program requests/hits on the web site
  - Assess knowledge levels of visitors using electronic interactive pre & post- evaluations
  - Correlate school group activities to the Montana Standards for Science and will include assessment tools for teachers to evaluate student performance

**Milestones:**

If fundraising is successful, we would anticipate the following timeline:

July- December 2007	Prepare construction documents (6 months)
January – February 2008	Bid opening (2 months)
March – December 2008	Construction (6 months to a year)
January – July 2009	Exhibit construction (6 months)

**FTE:** FTE for the Wildlife Center was approved by the 2005 Legislature. The 1.16 FTE includes 0.26 FTE that is part of a position that oversees the existing wildlife rehabilitation facility. The remaining 0.90 FTE continues to be vacant as promised pending completion of the education center.

**Funding:** General license dollars will fund the daily operations of the Wildlife Center at the same level approved by the 2005 Legislature. This compliments the \$2.6 million of private authority that FWP received from the 2003 Legislature for construction of the education center.

**Obstacles:** Raising private dollars to complete the building construction and interpretive display costs.

**Risk:** No action would allow facility construction but no resources for staffing and operations.

**LFD  
ISSUE****Capital Funds Have Not Been Raised**

The legislature may wish to consider the progress of fundraising efforts in relation to this decision package. The 2005 Legislature approved a similar package to provide limited FTE and support to the center as the department raised funds for the construction of the center. To date, the department has raised \$50,000 of the \$2.0 million needed.

During FY 2006, the department expended approximately \$66,000 for personal services and operations. Statewide adjustments, if approved, will fully restore personal services costs for the 1.16 FTE and increased utility costs for the center. The inflation/deflation factors have provided for a 31 percent annual increase in natural gas costs and at least 5.2 percent for electricity. If fundraising to complete the center does not progress significantly, the department may not need the base adjustment to continue operating at the same level.

The legislature may wish to:

- Disapprove the base adjustment as the department has significant authority to continue operations at the same level
- Approve the decision package and condition the release of the FY 2007 increased appropriation if the department has reached its fundraising goals

DP 804 - Off Highway Vehicle Education - The executive requests additional funds to increase public information and safety efforts specific to off highway vehicle use, by providing additional maps and materials on ethics, rules, regulations, and safety. It is funded with OHV dealer registration receipts.

**LFD  
COMMENT**

The department has not accessed this fund until now. The fund revenues are approximately \$5,000 per year and are earmarked for OHV education and safety.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				FTE	Fiscal 2009			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 805 - Com & Ed Overhead Refund										
08	0.00	0	134,406	(134,406)	0	0.00	0	134,406	(134,406)	0
Total	0.00	\$0	\$134,406	(\$134,406)	\$0	0.00	\$0	\$134,406	(\$134,406)	\$0

DP 805 - Com & Ed Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department's most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the general license account.

**LFD  
COMMENT**

Please see agency issues for a full description

**Program Proposed Budget**

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	95.74	1.00	3.00	99.74	1.00	3.00	99.74	99.74
Personal Services	4,443,164	466,355	130,652	5,040,171	486,214	129,291	5,058,669	10,098,840
Operating Expenses	4,482,527	132,961	75,000	4,690,488	(139,116)	75,000	4,418,411	9,108,899
Equipment	40,721	0	20,000	60,721	0	20,000	60,721	121,442
Transfers	26,463	73,189	0	99,652	73,189	0	99,652	199,304
<b>Total Costs</b>	<b>\$8,992,875</b>	<b>\$672,505</b>	<b>\$225,652</b>	<b>\$9,891,032</b>	<b>\$420,287</b>	<b>\$224,291</b>	<b>\$9,637,453</b>	<b>\$19,528,485</b>
State/Other Special	6,734,381	615,528	2,442,426	9,792,335	380,943	2,441,065	9,556,389	19,348,724
Federal Special	2,258,494	56,977	(2,216,774)	98,697	39,344	(2,216,774)	81,064	179,761
<b>Total Funds</b>	<b>\$8,992,875</b>	<b>\$672,505</b>	<b>\$225,652</b>	<b>\$9,891,032</b>	<b>\$420,287</b>	<b>\$224,291</b>	<b>\$9,637,453</b>	<b>\$19,528,485</b>

**Program Description**

The Administration and Finance Division and the Department Management Division were reorganized into the Management and Finance Division.

The management sections of this division are responsible for overall department direction regarding policy, planning, program development, guidelines, budgets, decision-making for key resource activities, and supervision of the seven divisions. Legal services and human resources management for the department are also in this division.

The finance sections of this division provide for department-wide support for accounting; fiscal management; purchasing; and property management; federal aid administration; and the sale of hunting, fishing, and other recreational licenses.

**Program Highlights**

Department Management Division Major Program Highlights	
<ul style="list-style-type: none"> <li>◆ Increases for the division include: <ul style="list-style-type: none"> <li>• Funding for citizen advisory committees</li> <li>• Rent for field offices</li> <li>• Permanent authority for a modified FTE to monitor energy development impacts on fish and wildlife</li> </ul> </li> </ul>	
Major LFD Issues	
<ul style="list-style-type: none"> <li>◆ The legislature may wish to establish performance criteria for the State Wildlife Grant Program</li> <li>◆ Seasonal overtime adjustment may not be warranted</li> </ul>	

**Funding**

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Management And Finance						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 6,734,381	74.9%	\$ 9,792,335	99.0%	\$ 9,556,389	99.2%
02086 Mountain Sheep Account	11,500	0.1%	11,500	0.1%	11,500	0.1%
02112 Moose Auction	1,300	0.0%	1,300	0.0%	1,300	0.0%
02176 Mountain Goat Auction	1,350	0.0%	1,350	0.0%	1,350	0.0%
02409 General License	6,688,868	74.4%	9,673,633	97.8%	9,437,687	97.9%
02547 Search & Rescue	26,463	0.3%	99,652	1.0%	99,652	1.0%
02559 Mule Deer Auction	1,300	0.0%	1,300	0.0%	1,300	0.0%
02560 Elk Auction	3,600	0.0%	3,600	0.0%	3,600	0.0%
03000 Total Federal Special Funds	2,258,494	25.1%	98,697	1.0%	81,064	0.8%
03097 Fedl Fish(W/B) Wildlife(P/R)	41,720	0.5%	49,843	0.5%	33,710	0.3%
03404 Overhead	2,216,774	24.7%	-	-	-	-
03408 State Wildlife Grants	-	-	48,854	0.5%	47,354	0.5%
Grand Total	<u>\$8,992,875</u>	<u>100.0%</u>	<u>\$9,891,032</u>	<u>100.0%</u>	<u>\$9,637,453</u>	<u>100.0%</u>

The division provides management and financial oversight of all department activities. Because of this role the department is funded almost entirely with general license account revenues. Minimal Pittman-Robertson/Wallup-Breaux and state wildlife grants provide federal funds to the division. The large reduction in federal funds is due to an audit issue where the department was cited for not depositing and expending indirect charges covered by federal grants from the same fund. The appropriate accounting process requires the department to deposit and expend those funds from the general license account rather than the federal overhead account.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				592,344					612,972	
Vacancy Savings				(201,425)					(202,245)	
Inflation/Deflation				68,799					73,308	
Fixed Costs				(156,601)					(262,770)	
Total Statewide Present Law Adjustments				\$303,117					\$221,265	
DP 901 - State Wildlife Grants & Energy Development										
1.00	0	16,285	48,854	65,139	1.00	0	15,785	47,354	63,139	
DP 903 - Citizen Advisory Committees										
0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000	
DP 904 - Area Offices Rent Increase										
0.00	0	15,000	0	15,000	0.00	0	15,000	0	15,000	
DP 905 - Search & Rescue Base Adjustment										
0.00	0	73,189	0	73,189	0.00	0	73,189	0	73,189	
DP 906 - Water Adjudication RST										
0.00	0	161,060	0	161,060	0.00	0	0	0	0	
DP 907 - Commission Expense Adjustment										
0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000	
DP 908 - Seasonal Overtime										
0.00	0	9,000	0	9,000	0.00	0	9,000	0	9,000	
DP 911 - Statute Book Printing										
0.00	0	0	0	0	0.00	0	(7,306)	0	(7,306)	
Total Other Present Law Adjustments										
1.00	\$0	\$320,534	\$48,854	\$369,388	1.00	\$0	\$151,668	\$47,354	\$199,022	
Grand Total All Present Law Adjustments				\$672,505					\$420,287	

**LFD  
COMMENT**

The driving component of the biennial personal services adjustment is about \$207,000 for non-legislative pay adjustments. The remainder is to annualize the pay plan approved by the 2005 Legislature, longevity adjustments, and increases to employer paid health insurance premiums. The non-legislative pay increases were market adjustments and strategic pay mostly likely due to reorganization.

DP 901 - State Wildlife Grants & Energy Development – The executive is requesting 1.0 FTE and operational funding to coordinate implementation of Montana's Comprehensive Fish and Wildlife Conservation Strategy and FWP input to energy development. Federal funding will be derived from the State Wildlife Grants (SWG) program; matching funds will be license dollars.

Justification: The positions will ensure effective use of \$2.4 million of federal and state matching funds and minimize the impacts of expanding energy development on fish and wildlife.

Goals: FWP's specific goals in creating this position are:

- To assure effective implementation of the strategy through responsible use of \$1.2 million per year in federal State Wildlife Grants and conservation partnerships
- To coordinate protection of fish, wildlife and habitat with energy development in Montana so our citizens enjoy the economic benefits of both, and maintain a high quality of life

Performance Criteria:

- Complete 5-year implementation strategy for the comprehensive fish and wildlife conservation strategy by December 31, 2007
- Develop a system to track energy development activities by September 30, 2007
- Provide quarterly updates on the status of energy development projects
- Develop mitigation strategies and/or stipulations for oil and gas development projects by March 30 2008
- Coordinate and submit FWP comments and responses to energy development proposals by proposal-specific deadlines

Milestones

- 2007: Completion of a 5 year implementation plan for the comprehensive fish and wildlife conservation strategy.  
Completion of fish, wildlife and parks oil and gas development stipulations.  
Completion of fish, wildlife and parks development input for the BLM supplemental environmental impact statement for coal bed natural gas.
- 2008 Completion of a fish, wildlife and parks strategy for addressing oil and gas, coal, and wind energy developments.
- 2009 Completion of fish, wildlife and parks mitigation strategies.  
Secure significant funding resources to mitigate energy development related impacts to fish and wildlife resources.

FTE: The current modified FTE used for development of the comprehensive fish and wildlife conservation strategy will be replaced with a base FTE with 25 percent of duties assigned to oversight of implementation of the comprehensive fish and wildlife conservation strategy and 75 percent of duties focused on addressing energy development.

Funding: Funding will be provided by federal State Wildlife Grants (50 percent) and general license funds.

Obstacles:

Extent of Conservation Needs: The list of actions needed to conserve over 600 vertebrate and habitat is extensive.

Scope of Duties: Overseeing implementation of the strategy and addressing energy development will require extensive coordination with multiple divisions and FWP regions, as well as numerous conservation partners.

Timeline: Energy development is increasing at very high rates. Accomplishing the tasks needed to coordinate and develop agency wide strategies will require many years. This obstacle will be mitigated by: 1) prioritization of critical

tasks; and 2) a commitment from FWP to continue supporting this position and related duties with close accountability to the Director's Office.

Risks: If this proposal is not adopted, use of State Wildlife Grants and implementation of the comprehensive strategy may not be effective or efficient. Agency requirements to work with energy developers, federal and state agencies would be less coordinated, less effective, and with a slower response time.

**LFD  
ISSUE**
**Performance Criteria**

The legislature may wish to consider altering the performance criteria to include:

- Tracking the outcomes of FWP responses to proposed energy developments to determine impacts
- A summary report of department wide SWG activities

DP 903 - Citizen Advisory Committees - All FWP regions have established citizen advisory committees (CAC) to facilitate communication between FWP and a broad cross-section of constituents within each region. The CAC's typically meet during the evenings on weekdays, or on a Saturday. There are typically 12 to 15 members on each CAC, and FWP pays their travel expenses and provides a meal at the CAC meeting. The executive requests food service and travel for the members of the regional CAC's to attend the meetings.

**LFD  
COMMENT**

The CAC's serve two main functions: 1) provide the agency with a more formal basis for collecting information, ideas, and initiatives from the public; and 2) provide a collaborative environment for FWP to inform and educate key citizens with the expectation they will in turn inform and educate the broader public.

DP 904 - Area Offices Rent Increase - The executive is requesting funding to relocate the Lewistown and Havre offices. The Lewistown Area Office is located within the secure perimeter of the Lewistown Airport, which compromises both public access to the office and air traffic safety. The Havre area office lease expires in 2007 and lacks adequate space for staff and public interaction.

DP 905 - Search & Rescue Base Adjustment - The executive requests a base adjustment of \$73,189 each year of the biennium to re-establish authority to transfer cash to the Department of Military Affairs for costs incurred by search and rescue clubs when searching for hunters, anglers or trappers. The revenue source for these funds is \$0.25 for each conservation license sold.

DP 906 - Water Adjudication RST - The executive is requesting authority to pay water right adjudication fees as the department's share in the cost of completing the adjudication process. The 2005 Legislature passed HB 22 requiring holders of state water rights to pay a biennial fee to expedite the adjudication process.

**LFD  
ISSUE**
**Potential Fee Elimination**

The legislature may wish to condition this appropriation as invalid if any of the multiple bills proposed to eliminate the water adjudication fee are passed and approved.

DP 907 - Commission Expense Adjustment - The executive is requesting authority for commission compensation for their travel at a standard per diem rate and an honorarium of \$50 per day for participation in meetings or conducting other commission business. The budget system excludes all per diem and honoraria paid to FWP commissioners and an adjustment is needed to restore this funding.

DP 908 - Seasonal Overtime - The executive is requesting authority for overtime in lieu of adding staff during peak workload periods in the areas of licensing, payroll, fiscal year end, and budget preparation.

**LFD  
COMMENT**

This is a minimal amount of overtime and could be covered within the overall division personal services budget.

DP 911 - Statute Book Printing - The executive is requesting authority to print statute books to inform game wardens, other staff, and the public of relevant laws pertaining to FWP. This cost of \$7,306 during the base year is cyclic and therefore is not needed during the second year of the biennium.

**New Proposals**

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 909 - Mngmt & Finance Overhead Refund										
09	0.00	0	2,216,774	(2,216,774)	0	0.00	0	2,216,774	(2,216,774)	0
DP 915 - River Recreation Management Program										
09	3.00	0	225,652	0	225,652	3.00	0	224,291	0	224,291
Total	3.00	\$0	\$2,442,426	(\$2,216,774)	\$225,652	3.00	\$0	\$2,441,065	(\$2,216,774)	\$224,291

DP 909 - Mngmt & Finance Overhead Refund - The executive is requesting a technical budget adjustment to comply with the department's most recent legislative audit. If approved, the department would be able to deposit and expend federal grant revenues for department indirect charges from the general license account.

**LFD  
COMMENT**

Please see agency issues for a full description.

DP 915 - River Recreation Management Program - In FY 2007 FWP is scheduled to implement a commercial use permit system for department lands, including fishing access sites. The public and the FWP Commission recommended that the fees from commercial use of fishing access sites be allocated to river recreation management and the fishing access site program. The executive is requesting authorization to use this new source of revenue to establish a river recreation management program in Regions 2, 3, and 4, and improve fishing access sites in these regions.

**LFD  
COMMENT**

The department is anticipating annual revenues from the commercial use program of \$242,000, which would be deposited into the general license account. This decision package utilizes 93 percent of the revenue, leaving little if any growth room for subsequent biennia.

**Proprietary Program Description***Duplicating Center*

The department's duplicating center provides duplicating and bindery services to department employees. The Duplicating Center has only 1.00 FTE and whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Publications & Graphics to be completed.

### Proprietary Revenues and Expenses Revenues and Expenses and Fund Equity

Expenses recovered in the rates are the personal services of the 1.00 FTE, operating expenses and the raw materials needed for duplicating.

Rates have been historically adjusted based on the need to increase or decrease the cash balances in the account. Prior to requesting new rates, a review of the cash balance is done. At FYE 2006, the cash balance was (\$614).

#### *Working Capital Discussion*

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. Field projects are billed monthly for the services provided during the month. The workload is fairly consistent so there is little fluctuation in cash balances except when additional inventory is purchased.

#### *Fund Equity and Reserved Fund Balance*

A portion of the program's fund balance has been reserved for the duplicating center's equipment and inventory. At FYE 2006 the book value of the fund's assets were \$42,730 of which \$8,929 was inventory.

### Rate Explanation

The rate methodology attempts to determine a rate for various duplicating and bindery services that allow the fund to recover both the cost of the raw materials and all associated personal services and operating costs. Rates have been historically adjusted based on the need to increase or decrease the cash balance. The requested rates have been increased only to recover anticipated inflationary increases in the raw materials and administrative costs.

### Proposed rates

#### Duplicating Services Rates

Item	FY 2008	FY 2009
<u>Copies</u>		
1-20	\$0.050	\$0.055
21-100	\$0.035	\$0.040
101-1,000	\$0.030	\$0.035
1,001-5,000	\$0.025	\$0.030
Color - per sheet	\$0.250	\$0.250
<u>Binding</u>		
Collating (per sheet)	\$0.005	\$0.005
Hand Stapling (per set)	\$0.015	\$0.015
Saddle stitch (per set)	\$0.030	\$0.030
Folding (per sheet)	\$0.005	\$0.005
Punching (per sheet)	\$0.001	\$0.001
Cutting (per minute)	\$0.550	\$0.550

#### **LFD COMMENT**

The Legislative Audit Division concluded in their financial compliance audit of two fiscal years ending June 30, 2005, that the rate for the duplicating center was not commensurate with costs. The department concurred with this finding and agreed to review internal service rates. The rate request represents a continuation of FY 2007 rates into FY 2008 and an increase in rates in FY 2009.



**LFD  
COMMENT  
CONT.**

The department has used a cash balance approach to evaluate resource requirements of proprietary funds. This method is easily manipulated by the timing of purchases of equipment and supplies. If a working capital evaluation is used, the net resources available to operate the center are \$42,731. The sixty day cash requirement is \$14,160. The legislature may wish to retain the current rates for the duplicating center, rather than adopt increased rates. The proposed FY 2008 rates are the same as the current rates; the FY 2009 rate provides a slight rate increase.

2009 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06501	Duplicating Center	52010	Fish, Wildlife & Parks	Management & Finance		
			Actual	Actual	Actual	Budgeted
			FY04	FY05	FY06	FY07
						Budgeted
						FY08
						Budgeted
						FY09
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from Duplicating Center		95,176	90,940	65,469	90,000	110,000
Net Fee Revenue		95,176	90,940	65,469	90,000	110,000
Investment Earnings		-	-	-	-	-
Securities Lending Income		-	-	-	-	-
Premiums		-	-	-	-	-
Other Operating Revenues		-	-	-	-	-
Total Operating Revenue		95,176	90,940	65,469	90,000	110,000
<b>Operating Expenses:</b>						
Personal Services		29,267	29,306	32,210	33,596	33,640
Other Operating Expenses		58,674	62,529	52,750	52,317	74,561
Total Operating Expenses		87,941	91,835	84,960	85,913	108,201
Operating Income (Loss)		7,235	(895)	(19,491)	4,087	1,799
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets		2,400	-	-	-	-
Federal Indirect Cost Recoveries		-	-	-	-	-
Other Nonoperating Revenues (Expenses)		-	-	-	-	-
Net Nonoperating Revenues (Expenses)		2,400	-	-	-	-
Income (Loss) Before Operating Transfers		9,635	(895)	(19,491)	4,087	1,799
Contributed Capital		-	-	-	-	-
Operating Transfers In (Note 13)		-	-	-	-	-
Operating Transfers Out (Note 13)		-	-	-	-	-
Change in net assets		9,635	(895)	(19,491)	4,087	1,799
Total Net Assets- July 1 - As Restated		53,482	63,117	62,222	42,731	46,818
Prior Period Adjustments		-	-	-	-	-
Cumulative effect of account change		-	-	-	-	-
Total Net Assets - July 1 - As Restated		53,482	63,117	62,222	42,731	46,818
Net Assets- June 30		63,117	62,222	42,731	46,818	50,347
60 days of expenses						
(Total Operating Expenses divided by 6)		14,657	15,306	14,160	14,319	18,034
<b>Requested Rates for Internal Service Funds</b>						
<b>Fee/Rate Information</b>						
		Actual	Actual	Actual	Budgeted	Budgeted
		FYE 04	FYE 05	FYE 06	FY 07	FY 08
						Budgeted
						FY 09
Duplicating (number of copies)						
1-20		0.045	0.045	0.045	0.050	0.050
21-100		0.030	0.030	0.030	0.035	0.035
101-1000		0.025	0.025	0.025	0.025	0.030
1001-5000		0.020	0.020	0.020	0.025	0.025
Color Copies		0.250	0.200	0.200	0.020	0.250
Bindery						
Colating (per sheet)		0.005	0.005	0.005	0.005	0.005
Hand stapling (per set)		0.015	0.015	0.015	0.015	0.015
Saddle stitch (per set)		0.030	0.030	0.030	0.030	0.030
Folding (per sheet)		0.005	0.005	0.005	0.005	0.005
Punching (per sheet)		0.001	0.001	0.001	0.001	0.001
Cutting (per minute)		0.550	0.550	0.550	0.550	0.550

*Equipment Enterprise Fund*

The department's equipment fund provides a fleet of vehicles and aircraft to department employees. The revenue users are department employees, mostly enforcement wardens, fish and wildlife biologists and park employees. Every month, users are charged for the miles driven (hours flown) during the previous month.

*Revenues, Expenses and Fund Equity*

The objective of the vehicle account is to recover (through rates and annual auction revenues) sufficient funds to cover administrative costs to operate the program (personal services and operations), fuel and repair costs of fleet in addition to being able to replace fleet vehicles at approximately 100,000 miles. A total of 2.56 FTE are funded in this fund. The two largest costs are fuel and repairs. In FY 2004 the fund spent over \$675,000 on fuel and \$500,000 on repairs. In FY 2006 the fund spent over \$985,000 on fuel and \$550,000 on repairs. Gasoline expenses have increased an average of 15 percent over the past four years and this rate was used to establish the budget for the next biennium. In FY 2006 the department drove just over 5.7 million miles in department vehicles. Due to the proposed rates in FY 2008 and FY 2009, the program anticipates revenues of \$3.1 million in FY 2006 and \$3.3 in FY 2007.

*Working Capital Discussion*

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. To compensate for a cash flow problem created by increased fuel costs, rates were increased by 7 percent in FY 2006. The department is requesting an additional rate increase of 25 percent in FY 2008 and 10 percent in FY 2009 for our vehicles and 16 percent each year for our aircraft.

The department attempts to ensure that fees are commensurate with costs over time. It does this in two ways. First, proposed rates for the next biennium take into consideration any excess income or loss generated from previous periods. Second, prior to finalizing new rates at the beginning of a new fiscal year, the rates are recalculated based on actual information.

In order to maintain a positive cash balance, the vehicle fund currently has a \$300,000 loan from another fund. Working capital at FYE 2006 was (\$58,590). The department anticipates a positive working capital at the end of FY 2009.

Divisions are billed monthly for the miles driven (hours flown) during the previous month. Cash balances fluctuate during the year for two reasons. The first is that monthly mileage is greater during in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus cash balances are normally highest in December after the hunting season and lowest in the spring after purchasing the new vehicles. Fiscal year end balances tend to be significantly higher than spring balances

*Fund Equity and Reserved Fund Balance*

There is no requirement to reserve fund balance. At FYE 2006, the vehicle fund had total assets of \$6,665,000 and the book value (original cost less accumulated depreciation) of the fleet was \$6,198,000. The major liability is a \$300,000 loan to ensure a positive cash balance at year-end. A portion of the program's fund balance has been reserved for the book value of department vehicles and aircraft.

**Rate Explanation**

The rate methodology attempts to determine a cost/mile rate for various classes of vehicles and a cost/hour rate for each class of aircraft. The methodology is to determine the previous year's expenses, including operating, maintenance and administration expenses minus the previous year's revenue generated from the rates and the annual vehicle auction to establish the net cash inflow. Future year expenses are estimated based on the most current year's information plus a 3 percent inflationary factor and a 15 percent inflationary factor for fuel. Using the most current year's mileage and the projected expenses, a cost/mile (hour) rate is determined for the future years. The goal is to have a cash balance at fiscal year end equal to 60 days of total operating expenses. Due to the current cash balance and the increased fuel costs, the department proposes increased vehicle rates of 25 percent in FY08 and 10 percent in FY09 and a proposed aircraft rate increase 16 percent each year of the biennium.

In addition, in order to more fairly charge users, a minimum mileage rate was instigated in FY 2000. This was an attempt to recover overhead costs whether a vehicle is driven or not. A minimum monthly overhead charge would be

assessed to each vehicle that is not driven a minimum number of miles. By using this method, the overhead costs are recovered and low mileage vehicles are not being subsidized by higher mileage vehicles.

## Rates

### Department of Fish, Wildlife & Parks Vehicle and Aircraft Rates Fiscal Years 2008 and 2009

Description	FY 2008	FY 2009
<u>Per Mile Rates</u>		
Sedans	\$0.38	\$0.40
Vans	\$0.41	\$0.43
Utilities	\$0.46	\$0.50
Pickup 1/2 Ton	\$0.38	\$0.40
Pickup 3/4 Ton	\$0.46	\$0.51
<u>Per Hour Rates</u>		
2 Place Single Engine	\$ 75.05	\$ 90.06
Partnavia	\$357.34	\$428.80
Turbine Helicopters	\$417.46	\$480.08

Vehicles will be assessed a minimum overhead charge in addition to the regular rates if not driven a minimum number of miles.

### Significant Present Law Adjustments

Each year, department employees drive over 5.7 million miles in department owned vehicles. The department currently has a fleet of over 450 vehicles, which are mainly used by enforcement officers, fish and wildlife biologists and parks employees. The department's request for vehicle replacement is for 45 vehicles in both FY 2008 and FY 2009. This is based on replacing vehicles after a minimum of 100,000 miles. This replacement schedule does not require a present law adjustment.

### Adjustments to the Base Rate

During the past four years, fuel expenses have increased an average of 15 percent per year. We anticipate this trend to continue through FY09. In FY 2006, the fund spent \$933,000 on vehicle fuel and \$55,000 on aircraft fuel. In order to purchase fuel at the projected inflated rates, the department is requesting a base adjustment of \$300,863 in FY 2008 and \$485,928 in FY 2009 for vehicle fuel and \$17,810 in FY08 and \$28,766 in FY 2009 for aircraft fuel.

#### LFD ISSUE

#### Fund Stability

The increase may not be warranted based on fuel costs. The department has experienced a 12 percent increase in gasoline expenditures from this fund between FY 2004 and FY 2006. Gasoline costs have since stabilized. However, during FY 2004, 2005 and 2006 the fund has required cash loans to maintain an adequate cash flow. The same may hold true for FY 2007. The requested increase may provide enough cash maintain an adequate fund balance throughout the year. The legislature may wish to address this issue in detail with the department.

2009 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06502	Vehicle Fund	52010	Fish, Wildlife & Parks	Management & Finance		
	Actual FY04	Actual FY05	Actual FY06	Budgeted FY07	Budgeted FY08	Budgeted FY09
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from vehicle fees	2,210,440	2,222,828	2,324,827	2,500,000	2,696,000	2,650,000
Revenue from aircraft fees	-	-	-	-	304,000	350,000
Net Fee Revenue	2,210,440	2,222,828	2,324,827	2,500,000	3,000,000	3,000,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	4	7,892	-	-	-	-
Total Operating Revenue	2,210,444	2,230,720	2,324,827	2,500,000	3,000,000	3,000,000
<b>Operating Expenses:</b>						
Personal Services	74,824	95,638	89,945	136,703	77,524	77,600
Other Operating Expenses	1,948,846	2,099,808	2,230,306	2,351,728	2,917,368	3,092,298
Total Operating Expenses	2,023,670	2,195,446	2,320,251	2,488,431	2,994,892	3,169,898
Operating Income (Loss)	186,774	35,274	4,576	11,569	5,108	(169,898)
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	(108,268)	(297,310)	(424,817)	(150,000)	(125,000)	(100,000)
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(108,268)	(297,310)	(424,817)	(150,000)	(125,000)	(100,000)
Income (Loss) Before Operating Transfers	78,506	(262,036)	(420,241)	(138,431)	(119,892)	(269,898)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	65,718	158,982	109,316	120,000	110,000	110,000
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	144,224	(103,054)	(310,925)	(18,431)	(9,892)	(159,898)
Total Net Assets- July 1 - As Restated	6,451,333	6,594,648	6,491,594	6,180,669	6,162,238	6,152,346
Prior Period Adjustments	(909)	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	6,450,424	6,594,648	6,491,594	6,180,669	6,162,238	6,152,346
Net Assets- June 30	6,594,648	6,491,594	6,180,669	6,162,238	6,152,346	5,992,448
60 days of expenses						
(Total Operating Expenses divided by 6)	337,278	365,908	386,709	414,739	499,149	528,316
<b>Requested Rates for Internal Service Funds</b>						
<b>Fee/Rate Information</b>						
	Actual FYE 04	Actual FYE 05	Actual FYE 06	Budgeted FY 07	Budgeted FY 08	Budgeted FY 09
Revenue from vehicle fees						
Sedans (per mile)	0.28	0.31	0.30	0.30	0.38	0.40
Vans (per mile)	0.29	0.32	0.33	0.33	0.41	0.43
Utilities (per mile)	0.36	0.38	0.37	0.37	0.46	0.50
Pickups - 1/2 ton (per mile)	0.35	0.36	0.32	0.32	0.38	0.40
Pickups - 3/4 ton (per mile)	0.35	0.36	0.37	0.37	0.46	0.51
Revenue from aircraft fees						
Two place - single engine (per hour)	56.72	56.72	59.56	62.54	75.05	90.06
Partnavia (per hour)	283.60	297.78	297.78	297.78	357.34	428.80
Turbine helicopters (per hour)	345.72	345.72	363.01	363.01	417.46	480.08
Vehicles will be assessed an additional minimum mileage charge if not driven a minimum number of miles in a month.						
<b>NOTE:</b> This table is being presented under program 9 since the majority of the expenditures are recorded under it. Program 2 Field Services records expenditures for aircraft activity. Program 9 Management & Finance records revenue for both the aircraft and vehicle activity as well as the expenditures for vehicle activity.						

### Warehouse Inventory

The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

### Revenues and Expenses

The expenses associated with the warehouse include personal services, miscellaneous office supplies and expenses for the warehouse worker and inventory purchased needed to replenish existing stock. Revenues are the sales of inventory items to department employees. The department anticipates revenues to be constant at around \$90,000 per year for FY 2008 and FY 2009. The department is requesting an increase in FTE for the warehouse from .20 FTE to .50 FTE.

### *Working Capital Discussion*

The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. The department attempts to ensure that fees are commensurate with costs over time by adjusting the proposed rates for excess income or loss from previous periods.

Field projects are billed monthly for the purchases made during the month. Cash balances fluctuate during the year. Cash balances are lowest during the winter when stock is replenished and highest during the summer when temporary and seasonal employees are hired. Cash balance at FYE 2006 was \$48,500.

### *Fund Equity and Reserved Fund Balance*

A portion of the program's fund balance has been reserved for the warehouse inventory. At FYE 2006, the warehouse inventory was approximately \$100,500.

### Rate Explanation

The rate requested for the warehouse is an overhead rate that is added to the cost of the inventory items. The overhead rate will generate sufficient revenue to cover the administrative costs of the program. The current overhead rate of 5 percent is requested for the 2009 biennium. The rate is calculated by estimating the support costs required to maintain the warehouse function such as personal services, office supplies and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections.

#### **LFD COMMENT**

The Legislative Audit Division concluded in FWP's financial compliance audit of two fiscal years ending June 30, 2005, that the rate for the warehouse was not commensurate with costs. The department concurred with this finding and agreed to review internal service rates. A continuation of the same rate is being sought.

The department has used a cash balance approach to evaluate resource requirements of proprietary funds. This method is easily manipulated by the timing of purchases of equipment and supplies. If a working capital evaluation is used, the net resources available to operate the center are \$162,495. The sixty day cash requirement is \$22,599. The legislature may wish to reduce the rate for the warehouse to reduce the amount of excess working capital.

2009 Biennium Report on Internal Service and Enterprise Funds						
Fund	Fund Name	Agency #	Agency Name	Program Name		
06503	Warehouse Inventory	52010	Fish, Wildlife & Parks	Management & Finance		
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FY04	FY05	FY06	FY07	FY08	FY09
<b>Operating Revenues:</b>						
Fee revenue						
Revenue from warehouse sales	103,141	91,960	99,246	80,000	80,000	80,000
Net Fee Revenue	103,141	91,960	99,246	80,000	80,000	80,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	-	2	-	-	-	-
Total Operating Revenue	103,141	91,962	99,246	80,000	80,000	80,000
<b>Operating Expenses:</b>						
Personal Services	4,692	5,233	18,610	20,779	15,165	15,310
Other Operating Expenses	71,835	94,055	116,984	73,287	120,505	120,531
Total Operating Expenses	76,527	99,288	135,594	94,066	135,670	135,841
Operating Income (Loss)	26,614	(7,326)	(36,348)	(14,066)	(55,670)	(55,841)
<b>Nonoperating Revenues (Expenses):</b>						
Gain (Loss) Sale of Fixed Assets	(18,566)	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	(18,566)	-	-	-	-	-
Income (Loss) Before Operating Transfers	8,048	(7,326)	(36,348)	(14,066)	(55,670)	(55,841)
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	-	-	-	-
Operating Transfers Out (Note 13)	-	-	-	-	-	-
Change in net assets	8,048	(7,326)	(36,348)	(14,066)	(55,670)	(55,841)
Total Net Assets- July 1 - As Restated	198,121	206,169	198,843	162,495	148,429	92,759
Prior Period Adjustments	-	-	-	-	-	-
Cumulative effect of account change	-	-	-	-	-	-
Total Net Assets - July 1 - As Restated	198,121	206,169	198,843	162,495	148,429	92,759
Net Assets- June 30	206,169	198,843	162,495	148,429	92,759	36,918
60 days of expenses						
(Total Operating Expenses divided by 6)	12,755	16,548	22,599	15,678	22,612	22,640
<b>Requested Rates for Internal Service Funds</b>						
<b>Fee/Rate Information</b>						
	Actual	Actual	Actual	Budgeted	Budgeted	Budgeted
	FYE 04	FYE 05	FYE 06	FY 07	FY 08	FY 09
Warehouse overhead rate	5%	5%	5%	5%	5%	5%
The rates above indicate percentage markup on cost of uniform pieces and other warehouse items that are purchased by the warehouse fund for department employees.						